

Board Effectiveness Review 2025

Measuring board effectiveness across the GCC

In collaboration with Heidrick & Struggles

November 2025

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About GCC Board Directors Institute

GCC Board Directors Institute (GCC BDI) is a not-for-profit organisation that guides board directors of organisations, from family-owned businesses to listed companies, to acquire the know-how and tools to reach and sustain effective governance. GCC BDI is supported by nine leading regional corporations and professional services firms who serve as our strategic partners: First Abu Dhabi Bank, National Bank of Bahrain, Oman Investment Authority, SABIC, Saudi Aramco, A&O Shearman, Heidrick & Struggles, McKinsey & Company and PwC. We are also supported by a number of Corporate Affiliates – Elm, Nesma & Partners, stc group, Saudi Investment Bank, Tasnee and Vision Invest, as well as the regional regulatory authorities, including, among others, the Capital Market Authority of Saudi Arabia and the Saudi Central Bank (SAMA), the Securities and Commodities Authority of the UAE, the Capital Market Authority of Kuwait, the Central Bank of Bahrain and the Financial Services Authority of Oman.

GCC BDI's mission is to make a positive impact on the economies and societies of the region, by promoting professional directorship, good governance, and raising the level of board effectiveness. We are proud of our membership network which includes over 4,500 directors, board secretaries and business leaders across the Gulf Cooperation Council (GCC) countries.

Our main objectives are:

- To enhance GCC board member capabilities and further their understanding of best practice board governance;
- To create a regional network of board members;
- To disseminate high-quality corporate governance knowledge; and
- To put corporate governance higher on the region's agenda.

Over the last 18 years, GCC BDI has grown to become the leading organisation in the region for board directors. We have delivered over 700 programmes and events to top-tier companies in the Gulf, and our 4,500 members, have extensive knowledge and experience of operating at the most senior levels of business in the GCC. Our member network is probably the most influential group of senior board directors and business leaders in the Gulf. Our members are our greatest ambassadors.

We are highly regarded among the international community and are the only director institute in the GCC to have been admitted as a member of the prestigious Global Network of Director Institutes. This is a network of 26 global institutes, which includes the Institute of Directors (IoD) in the United Kingdom, the Australian Institute of Company Directors (AICD), Hong Kong Institute of Directors (HKIoD), Institute of Corporate Directors (ICD) in Canada, Institute of Directors in New Zealand (IoDNZ), Singapore Institute of Directors, Institute of Directors in South Africa (IoDSA), and the National Association of Corporate Directors (NACD) in the United States, among others.

GCC BDI has a successful and proven track record of working with the top companies in the GCC. We work with a large and talented pool of high-calibre international, regional and local experts, providing a mix of best international practice and actual board experience, combined with specialist knowledge and experience of corporate governance and directors' issues in the Gulf. We would like to take this opportunity to thank all our founders, strategic partners and corporate affiliates for their collective collaboration and support in nurturing GCC BDI over the past 18 years and helping us to work toward achieving our mission.

GCC BDI has a unique combination of local experience and understanding, strong corporate governance and regulatory knowledge, practical director expertise, and tried and tested programmes. We look forward to continuing our mission to make a positive impact on the economies and societies of the region.



Heidrick & Struggles is a premier provider of global board, leadership and organisational advisory insights, serving the senior-level talent and consulting needs of the world's top organisations.

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Foreword by Mohammed Al Shroogi



It is with great pleasure that I introduce the 9th biennial GCC Board Directors Institute Board Effectiveness Review. Since 2009, this report has served as an essential benchmark, measuring board effectiveness across the Gulf. Today, as our region continues its ambitious economic transformation in line with bold national visions, the role of effective, forward-looking boards has never been more critical.

Since our last survey, the global business landscape has continued to undergo profound transformation. Technological disruption, particularly the rise of artificial intelligence (AI), coupled with increasing geopolitical complexities, is reshaping the role of boards everywhere. For GCC boards, these shifts come alongside ongoing efforts to professionalise governance, align with international standards, and respond to growing expectations from regulators, investors, and stakeholders.

It is encouraging to see that 78% of respondents to this year's survey believe board effectiveness has strengthened over the past two years. This progress underscores a clear commitment by boards in the region to move beyond compliance toward strategic, purpose-driven governance. Yet, the data also highlights areas requiring further focus: enhancing board diversity, building fluency in emerging technologies, embedding environmental, social and governance (ESG) into

strategy, and ensuring that evaluation, renewal, and succession planning are not just formalities, but integral to board resilience and long-term value creation.

The GCC BDI Board Effectiveness Review continues to serve as a vital resource for boards seeking to benchmark their practices, identify gaps, and chart a course for sustainable growth. It outlines 10 key data-driven findings, and seven data-driven areas for action. I am proud to present the 2025 edition of this survey and extend my sincere appreciation to our founding and strategic partner, Heidrick & Struggles, for their continued collaboration and expertise in delivering this significant work. I also thank our faculty, the many directors, board secretaries and executives who generously contributed their time and insights from across the GCC.

As we look ahead, the priority for boards is clear: to embrace adaptability, promote inclusivity, and lead with foresight. I trust this report will inspire board members and board secretaries across the GCC to continue raising the bar in board governance, effectiveness and performance.

Mohammed Al Shroogi
Chairman
GCC Board Directors Institute



Introduction by John Gollifer and Dr. Lisa Gulesserian

The 9th edition of the GCC BDI Board Effectiveness Review 2025 continues to serve as a critical barometer of board effectiveness and maturity across the Gulf, charting the progress, challenges, and evolving priorities of boards in a region renowned for its dynamic transformation.

This year's report arrives at a moment of profound and accelerated change, and is both a benchmark and a call to action. It offers insights into where GCC boards stand today and a roadmap for the way forward. It reflects the voices of nearly 200 board members and executives across the region, whose candour and commitment make this work possible. GCC boards are steering organisations through ambitious national visions and economic diversification agendas, while simultaneously navigating a global landscape being reshaped by rapid technological disruption, heightened geopolitical volatility, and escalating stakeholder expectations around sustainability and purpose.

Our findings reveal encouraging momentum. The fact that more than three quarters of respondents report that board performance has improved over the past two years is a testament to directors' increasing commitment to robust governance and alignment with global best practices. This is no small achievement.

At the same time, survey respondents indicate that there is a need to broaden board expertise in terms of strategic thinking, finance, performance management, legal and regulatory contexts and AI.

At GCC BDI, we believe the future of effective governance rests on four pillars:

- **Purpose:** Boards must look beyond compliance to ensure their organisations deliver sustainable value to all stakeholders.
- **Strategy:** Boards must remain flexible and forward-looking, prepared to plan for and adapt strategies to shifting market, technological, and geopolitical realities.
- **Diversity:** A mix of perspectives across gender, age, nationality, expertise and beyond is vital to informed decision-making and long-term resilience.
- **Capability:** Continuous professional development through director certification, board evaluation, and renewal of board members are essential to keeping pace with evolving demands.

As we look to the future, boards have the opportunity to redefine leadership itself, shaping organisations that are not only resilient but transformative. We hope this report serves as both a benchmark and an inspiration for boards across the GCC, and we invite you to read on, reflect on the findings, and consider how your own board can continue its journey toward excellence.

John Gollifer

Chief Executive Officer

GCC Board Directors Institute

Dr. Lisa Gulesserian

Head of Professional Development

GCC Board Directors Institute



Summary and Recommendations

Organisations within the GCC are navigating a future rich with opportunity, albeit coupled with uncertainty, shaped by unprecedented technological innovation and an evolving geopolitical landscape. At the same time, they are adapting to a rapidly changing governance landscape. New regulatory requirements are compelling boards to sharpen their focus on governance, strategy, and resilience as they navigate this complex mix of market, regulatory, and geopolitical shifts.

The positive news is that more than three-quarters, 78%, of respondents to this year's GCC BDI Board Effectiveness Review survey observed strengthened board performance over the last two years, up slightly from 76% in the 2023 survey. At the centre of the boardroom agenda, respondents say, is an ongoing effort to improve strategic oversight and ensure long-term organisational health. There is also an emerging consensus that boards must deliver not just on compliance, but on purpose and resilience too.

As boards seek to broaden their expertise, particularly in strategic thinking, finance, performance management, legal and regulatory knowledge, and AI, they are recalibrating how they identify and address their own knowledge gaps. Heightened investor attention to board composition and accountability is further prompting directors to proactively improve and diversify. The region's regulatory frameworks are steadily converging with international norms, and board members appear largely positive about the direction and sufficiency of governance standards.

Yet the journey towards optimal boardroom performance is far from complete. Familiar challenges persist, the survey also finds, notably in board composition and the need for formal evaluation and renewal mechanisms. While the structural underpinnings of governance and board mechanisms – charters, committees, routine meetings, agendas, meeting minutes – are largely in place, questions remain over the depth of their impact. Some directors reflected that the effectiveness of these structures may depend not only on their existence but also on how consistently they are applied. This tension between governance advances and practical implementation is a recurring theme in discussions about transparency, accountability, and the pace of change.

Amid these boardroom transformations, the enduring themes of diversity and sustainability continue to drive incremental change. Efforts to diversify board composition and incorporate ESG principles are ongoing, but progress is uneven, and intentions often outpace clear outcomes. Diversity initiatives tend to focus on expanding functional and international expertise, with less attention on gender and age. Similarly, while most boards recognise the value of sustainability, many are still in the early phases of embedding ESG into strategy and governance structures.

Meanwhile, new pressures are reshaping the corporate agenda, increasing the complexity of ensuring boards have the right knowledge. Boards around the world are wrestling with the advances in AI that are creating both opportunity and risk, and most boards in the GCC are just beginning to take note of its strategic implications. In the early stages of adoption, creating value with AI is hindered by skills gaps and a lack of expertise among board members. While some organisations are making bold strides to embrace AI, the prevailing sentiment is one of cautious curiosity rather than complete confidence in the best way forward.

In parallel, geopolitical volatility has become a focal point for risk oversight, prompting some boards to intensify their vigilance and resilience planning – though practices vary. Systematic integration of geopolitical risk into decision-making processes remains a work in progress, with GCC boards largely parallel to global peers on this front.¹

These interwoven themes speak to a region in transition: one where board appetite for modern governance is helping them meet the demands of a turbulent but opportunity-laden landscape.

¹ https://www.heidrick.com/en/insights/leadership-succession-planning/ceo-and-board-confidence-monitor-2025_persistent-concerns-pockets-of-increased-confidence

Summary and Recommendations Continued

This report at a glance: 10 takeaways

Our Board Effectiveness Review builds on eight previous surveys to present a picture of how boards in the region are aligning with international best practice and evolving to meet the challenges and opportunities defined by an era of disruption. The top insights are:

1. **Board effectiveness comes from clear governance boundaries and thoughtful oversight.** In the GCC, 91% of respondents agreed that boards should concentrate on policy and strategy, leaving day-to-day operations to management, although this principle is not always followed in practice. So, while 78% are reporting progress on board effectiveness, many boards still struggle to separate governance from management, which can frustrate executives and diminish the board's influence.
2. **Strategy and value creation continue to get too little time.** Most respondents believe boards should devote more time to strategy (83%), business risk management (69%), and succession planning (62%), often identifying more than one priority. Board agendas continue to prioritise past performance, compliance, and audit matters, leaving insufficient time for forward-looking strategy and value creation. Survey results reflect this backward-looking emphasis, showing that boards mainly track profit, return on equity, and sales as their organisation's primary key performance indicators.
3. **Board composition remains largely relationship-driven, with added challenges in family businesses.** Only 32% of respondents indicated that their boards have a formal selection, induction, review, development, and deselection process in place. Instead, board appointments are frequently shaped by family ties, personal relationships, and former executive relationships, potentially undermining independence and limiting diverse perspectives. Governance is typically top-down, while joint ventures can face added complexity from shareholder misalignment.
4. **AI is on the agenda, but board oversight remains superficial.** As technological capabilities continue to advance at a rapid pace, AI is becoming a more prominent discussion point on board agendas. However, most boards are still in the early stages of engagement, with 58% of respondents indicating that they are not confident or are neutral about their board having a clear understanding of AI's strategic implications, and 59% indicating their boards do not spend enough time on generative AI. Boards' understanding of technology is often limited to cybersecurity and basic productivity tools, with broader AI adoption seen as a future goal.
5. **Geopolitical risks are a key concern for GCC companies with global operations.** Sixty-four percent of respondents rated their boards' capability to assess and respond to regional geopolitical risks as good or excellent, and 69% indicated that their boards have or are developing or are discussing a framework to incorporate geopolitical risk management into decision-making. Global boards, especially those in sectors like energy and infrastructure, are proactively addressing these risks through scenario planning and frameworks. For local organisations, global geopolitics are less of a concern, with most local GCC boards handling it informally. However, regional geopolitics remains high on their agendas.
6. **Board development and succession planning remain largely informal and reactive.** The importance of director development and succession planning is recognised, yet most boards do not have formal, ongoing programmes to support these imperatives. Onboarding processes for new board members are improving, but few boards provide structured learning opportunities, peer exchanges, or mentoring for directors. Succession planning is usually addressed reactively rather than as a proactive, strategic priority, with 67% of respondents reporting that their boards have no formal succession plan in place. Some directors undertake external training on their own initiative, though this remains uncommon. Some interviewees suggested that cultural obstacles, such as resistance to accepting feedback, can further hinder director growth.²
7. **Overall board effectiveness is improving, but operational discipline remains uneven.** According to the survey, 78% of respondents agree that board effectiveness in the GCC has improved over the last

² This approach to board development and succession planning is common globally for several reasons, as indicated in Heidrick & Struggles' Board Monitor 2025 The Quiet Power of Continuous Board Refreshment

two years. Despite this, some operational challenges continue to hinder further improvement. Issues such as late board and committee papers or excessive meeting materials and inconsistent follow-ups persist, while best practices such as decision logs and offsites are not yet standard.

8. **Board diversity is improving but still limited.**

Boards are making gradual progress toward greater diversity, though women, younger professionals, and non-GCC experts continue to be underrepresented. Survey results show that perceived cultural obstacles to appointing women have declined from 33% in 2023 to 28% in 2025. “Overboarding” – where directors hold multiple board seats – is a persistent challenge to board diversity, limiting opportunities for prospective directors from different backgrounds or demographics. This is especially prominent within family-controlled or unlisted companies.

9. **Board resilience depends on agility, preparedness, and willingness to adapt.** Resilient boards combine an adaptive mindset with practical systems, enabling them to navigate dynamic market and regulatory environments and external shocks. Proactive scenario planning, open dialogue, and a willingness to challenge or adapt are crucial to resilience, particularly in family and IPO-bound companies.

10. **Board dynamics show a generally high level of engagement but also the impact of influential members.** Overall board effectiveness appears to be improving, survey results show that around two-thirds of respondents said all board members actively participate in discussions (67%) and are well prepared (63%), indicating relatively high levels of engagement overall. Interviews also suggest that in a few boards, limited director engagement persists. Interviews also indicated that the role of the chair or a few influential voices can shape outcomes disproportionately. Overboarding can also have an adverse effect on dynamics, as members who serve on multiple boards may have less time to prepare and contribute meaningfully.



Summary and Recommendations Continued

Based on insights from the survey data, interviews, and our experience in effective governance, boards in the GCC could consider the following seven best practices as they seek to meet the challenges and opportunities of today's complex operating environment.

- **Maintain clear governance boundaries and strategic focus.** Our survey data indicates that the separation between governance and day-to-day management is not always clear-cut. Boards are most effective when they provide strategic direction and oversight and refrain from interfering with operational matters, allowing executives to execute while maintaining accountability. Boards should concentrate their efforts on long-term value creation, strategic decision making, risk oversight, performance management and talent management.
- **Prioritise board diversity, beginning with greater representation of women.** Although there is some gradual movement, diversity remains a key issue for GCC boards to address. Women, younger directors, and non-nationals remain underrepresented. Notably, only 6.8% of listed companies in the GCC have women board members.³ Research consistently shows that diverse boards perform better – exhibiting less groupthink, better decision-making, more innovation and creativity, and enhanced understanding of their customer base. Ensuring board diversity, therefore, becomes a strategic imperative and should be viewed as a critical component of board effectiveness.
- **Prioritise adaptive and inclusive board dynamics.** A productive board environment is built on trust and open dialogue. It is the chair's responsibility to empower all members to participate meaningfully, ensuring no single voice dominates discussions. Pre-meeting preparation, clear agendas, and a culture that values debate are all key. Informal interactions – such as board offsites, social gatherings that include all board members, non-board committee members, and senior management, and regular check-ins between members – can also enhance cohesion and allow for real engagement beyond formal meetings, strengthening decision-making.
- **Institutionalise director development and succession planning.** Formal development programmes, peer exchange, and mentoring can help equip directors with the soft skills and technical knowledge needed for effective oversight. Proactive succession planning by identifying and preparing future leaders with intention ensures board resilience and continuity, particularly during times of transition or crisis. Implementing ongoing learning programmes and structured onboarding should also be priorities.
- **Embrace forward-looking agendas and robust risk oversight.** Board meetings need to allocate significant time to forward-looking strategy discussions, emerging risks, and scenario planning, rather than focusing solely on financial reviews and compliance. Boards should seek to maintain agility in addressing topics such as AI and geopolitical developments, bringing in external expertise where needed. Consistent board performance evaluations, the use of action trackers, and thorough follow-ups can all foster operational discipline and strategic effectiveness, enhancing resilience within boards and throughout their organisations.
- **Strengthen governance structures and accountability.** Survey respondents emphasise the importance of establishing clear charters, authority matrices, and committee structures tailored to an organisation's needs. Accountability can be supported through effective documentation, regular self-assessment, and transparent reporting. Committees should seek to enhance – not dilute – full board oversight, with action items systematically tracked and reviewed. High standards of governance, supported by well-prepared, experienced, and trained board secretaries who can provide high-quality corporate governance advice, alongside the timely distribution of materials, underpin effective and transparent board operations.
- **Build board fluency in emerging technologies and external risks.** Boards should proactively develop their understanding of AI, geopolitical dynamics, and other fast-evolving external risks. This can be achieved through expert briefings, structured scenario planning, and ongoing learning. Boards may also consider bringing in directors with relevant digital or global experience. Clear oversight frameworks and regular discussion of external shifts ensure boards stay informed, agile, and prepared.⁴

³ Aurora 50 and Heriot-Watt University, The GCC Board Gender Index Report 2025, April 2025, <https://aurora50.com/the-gcc-board-gender-index-report-2025-women-hold-6-8-of-gcc-board-seats/>

⁴ For a global perspective, see Heidrick & Struggles' report "How boards are evolving to meet challenges from sustainability to geopolitical volatility"





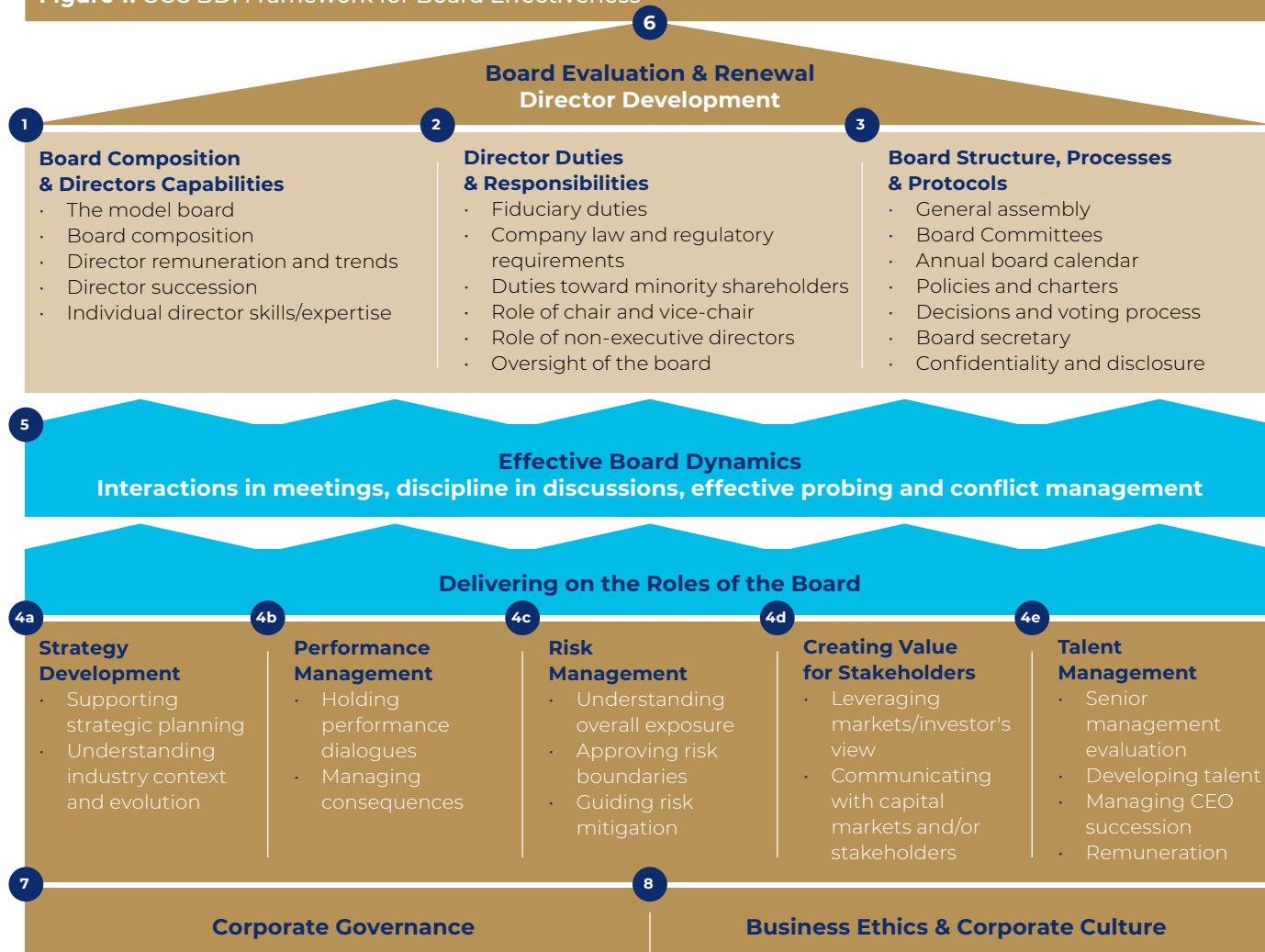
About the Report

This is the 9th report on GCC board effectiveness produced by GCC BDI over the last 18 years. This report is based on a survey designed by GCC BDI and Heidrick & Struggles and reflects the GCC BDI Framework for Board Effectiveness (Figure 1). This framework has eight key elements, namely:

- | | |
|--|--|
| 1) Board Composition & Director Capabilities | 5) Effective Board Dynamics |
| 2) Director Duties & Responsibilities | 6) Board Evaluation & Renewal |
| 3) Board Structure, Processes & Protocols | 7) Corporate Governance |
| 4) Delivering on the Roles of the Board | 8) Business Ethics & Corporate Culture |

This GCC BDI proprietary framework enables the evaluation of board effectiveness in the GCC in a structured manner, while allowing for flexibility to highlight emerging trends emanating from GCC BDI's work in the region. survey and the report examine all these elements.

Figure 1. GCC BDI Framework for Board Effectiveness



About the Report Continued

The 2025 survey comprised 89 questions designed to seek the views of GCC BDI members and board directors on board effectiveness, challenges, and trends in the region.

Responses were collected from 193 members and GCC BDI's network, reflecting a diversity of board member and executive views based on role, company type, industry and country. To supplement these insights, open-ended and confidential interviews were conducted with 14 senior GCC board members, executives, and other experts to gain deeper understanding of the issues highlighted by board members.

In terms of survey demographics, the largest proportion of respondents were GCC nationals from Saudi Arabia (44%), followed by Bahrain (8%) and the United Arab Emirates (5%). The remaining 43% comprised other nationalities.

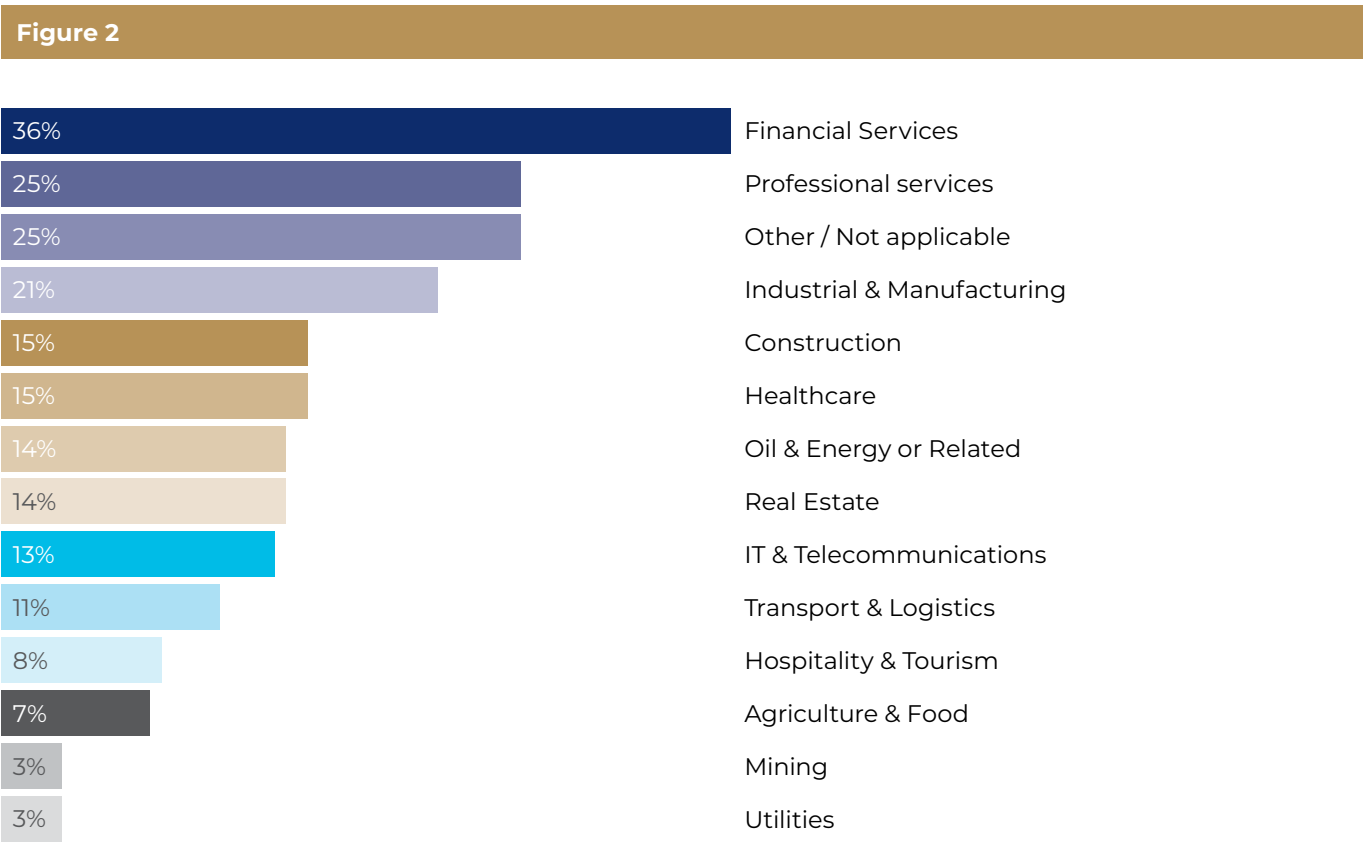
The largest share of respondents (40%) had 10 years or more of board experience, while 15% had one to three years of experience, 23% had between four and six years of experience, and 14% had between six and nine years of experience.

Most respondents (52%) sat on boards of entities domiciled in Saudi Arabia, followed by the United Arab Emirates (19%) and Bahrain (9%). About 59% of the respondents held board positions in privately-owned companies, 33% in not-for-profit organisations, and 31% in listed companies. A further 30% sat on the boards of non-listed family-owned businesses, and 17% on the boards of state-owned entities. Only 4% were on boards at listed family-owned businesses (respondents marked the positions held on multiple boards).

The vast majority of survey respondents were men, 77%, and 23% were women. A wide range of industry sectors were represented in the survey: 36% from the financial sector, 25% from professional services, 21% from industrial and manufacturing, and 15% each from both construction and healthcare.



The companies where you are a board member operate in which sectors?



Spotlighting two new strategic imperatives: AI and geopolitics

As global dynamics continue to rapidly evolve, so do the conversations about effective board governance. Reflecting the sweeping changes impacting the world today, this year’s report explores two additional themes alongside perennial board effectiveness topics: the transformative role of AI and the complexities presented by a rapidly changing geopolitical landscape.

Board members were surveyed on a series of questions focusing on the implementation of AI and guidelines for its use and on boards’ capabilities to identify and address geopolitical risks. These topics were further explored in interviews. The survey indicates that AI, although increasingly a topic of discussion among board members, remains largely underutilised in the region, with 63% of respondents saying their organisation does not have a clearly defined strategy for adopting and leveraging AI.

Geopolitics is high on the agenda, especially for companies with an international outlook. While many organisations show confidence in their ability to manage geopolitical disruptions on a regional scale – 64% of respondents rated their board’s capability as either good or excellent – 85% do not have a fully developed framework or process in place. This indicates that geopolitical risk management is often addressed reactively rather than through structured, proactive integration.

Looking forward, the findings underscore a dual imperative for boards: to swiftly enhance digital fluency and embed robust risk management frameworks. As technological advancements accelerate and geopolitical uncertainties intensify, successful governance will hinge on fostering adaptability while upholding strong oversight.

Note: The survey question allowed for multiple responses.

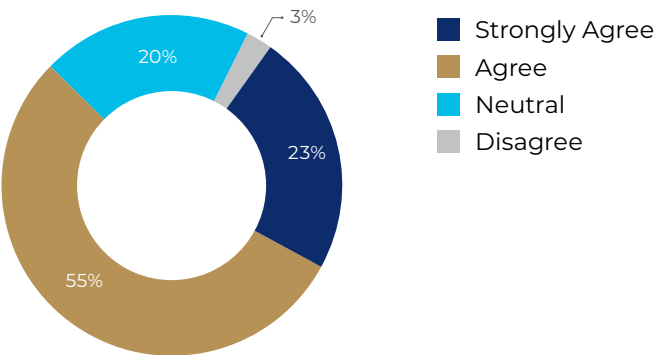
The 2025 GCC BDI Board Effectiveness Review

Board effectiveness remains strong across the region

Our most recent survey data shows a slight uplift in how board members rate the effectiveness of boards in the region, indicating that board effectiveness is continuing to improve. Directors largely expressed confidence in the progress of board effectiveness, with 78% agreeing or strongly agreeing that board effectiveness in the GCC has improved over the past two years – up slightly from 76% in 2023.

Do you believe board effectiveness has improved in the GCC in the last three years?

Figure 3

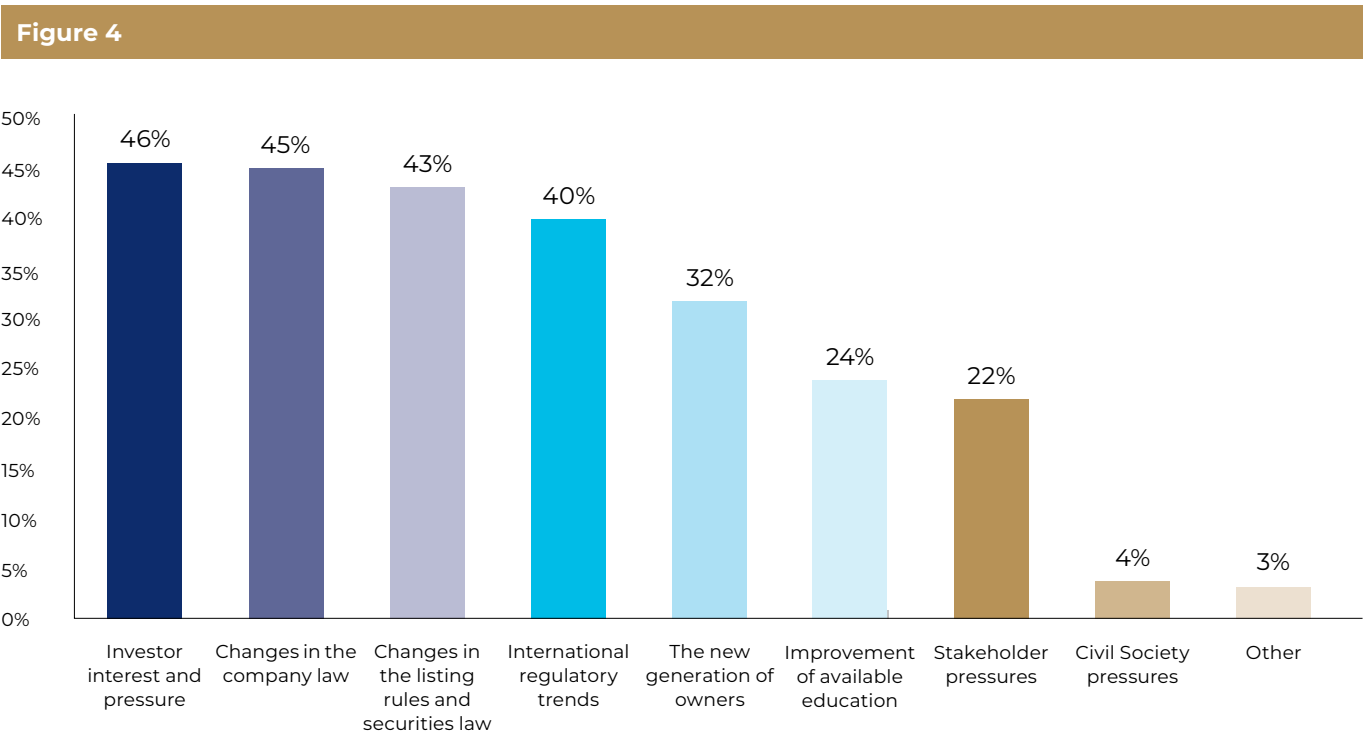


Improved board effectiveness appears to be largely driven by external forces or regulatory changes, rather than from within boards themselves. When asked what three factors have most positively impacted board effectiveness in recent years, respondents highlighted interest and pressure from investors (46%), changes in company law (45%), and changes in the listing rules and securities law (43%). This reflects a notable decline from 2023, when 67% cited changes in company law and 59% cited changes in listing rules and securities law as positive drivers.



Note: Figures may not sum to 100% because of rounding.

What are the factors that have most positively impacted board effectiveness in the region?



Stewards of business ethics and corporate culture

Directors generally professed strong awareness of their core duties. About 68% agreed or strongly agreed that boards have a solid understanding of their responsibilities.

The vast majority of respondents felt the distinction between board and management duties is clear: over 90% said the board is responsible for strategy and oversight, while management delivers on operational plans. As one director expressed, “The very first agreement with management is the idea that we’re not going to double-guess what the CEO is doing.” However, these clear boundaries are not always respected in practice. According to interviewees, it is still commonplace for boards to get involved in day-to-day operational matters, often resulting in frustration and confusion.

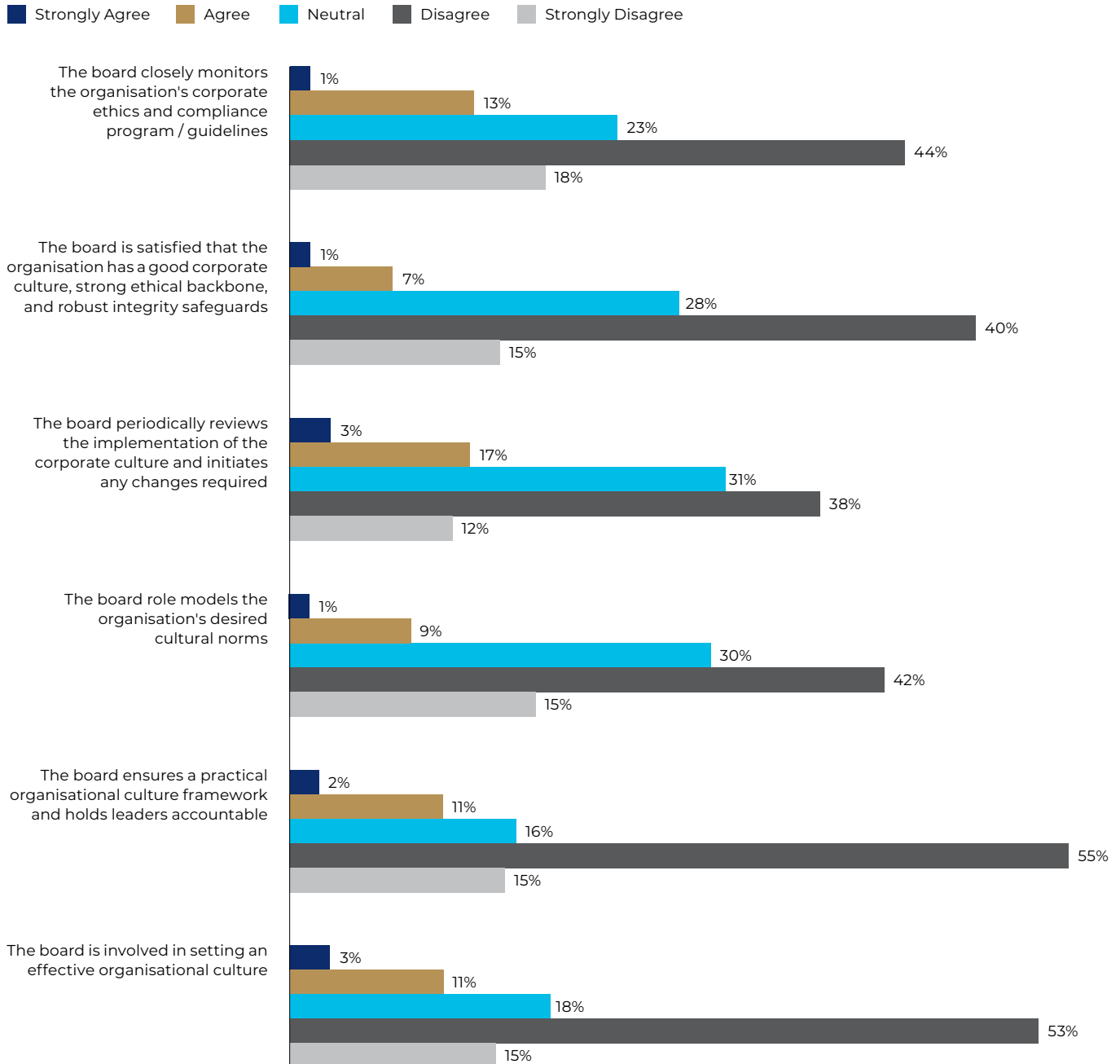
Business ethics and corporate culture remain central themes for boards across the GCC. Most board members believe boards are responsible for setting the tone for organisational culture: 68% agree their board is actively involved in shaping an effective company culture.

Note: Respondents were asked to select their top three answers.

Board effectiveness remains strong across the region Continued

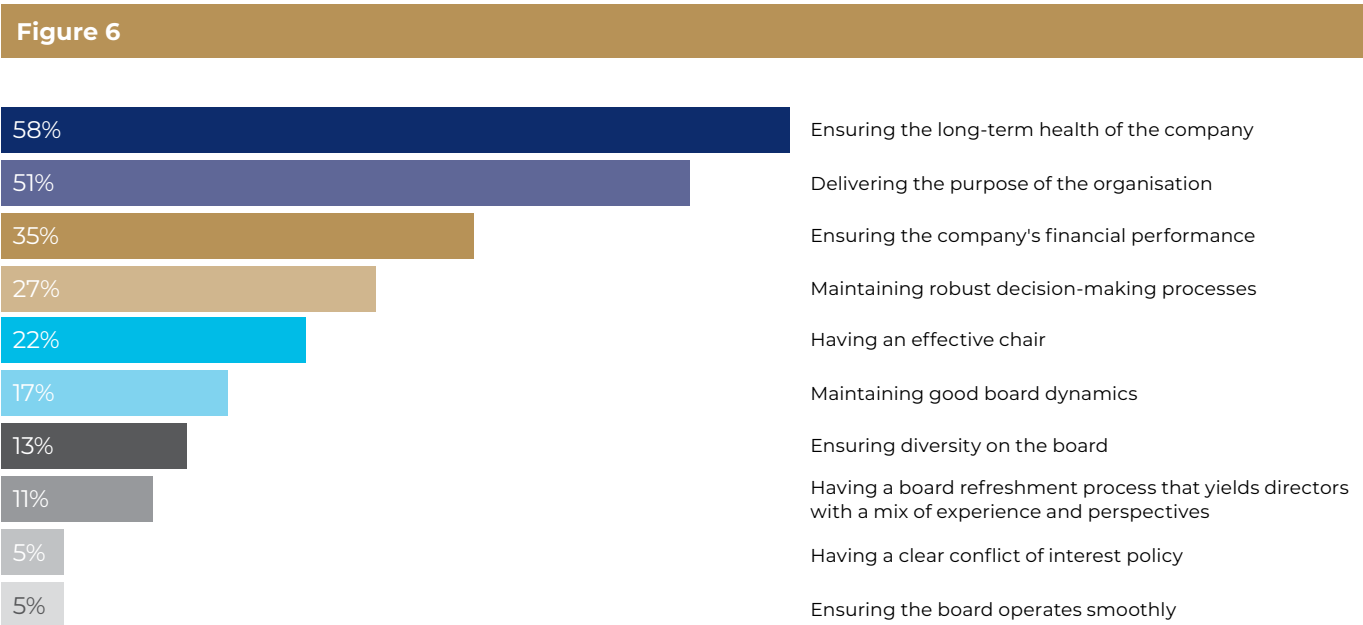
Looking at the main board on which you serve, please rate your level of agreement with the following statements:

Figure 5



Note: Figures may not sum to 100% because of rounding.

What are the most important aspects of an effective board?



Strategy and value creation continue to get too little time

While board members are aware of their core duties, many interviewees admitted that, in practice, too little time is devoted to forward-looking strategy and value creation. This is because board discussions continue to prioritise past performance, compliance, and audit matters, leaving little time to look to the future. Profit, return on equity, and sales are the key performance indicators most commonly tracked to monitor performance.

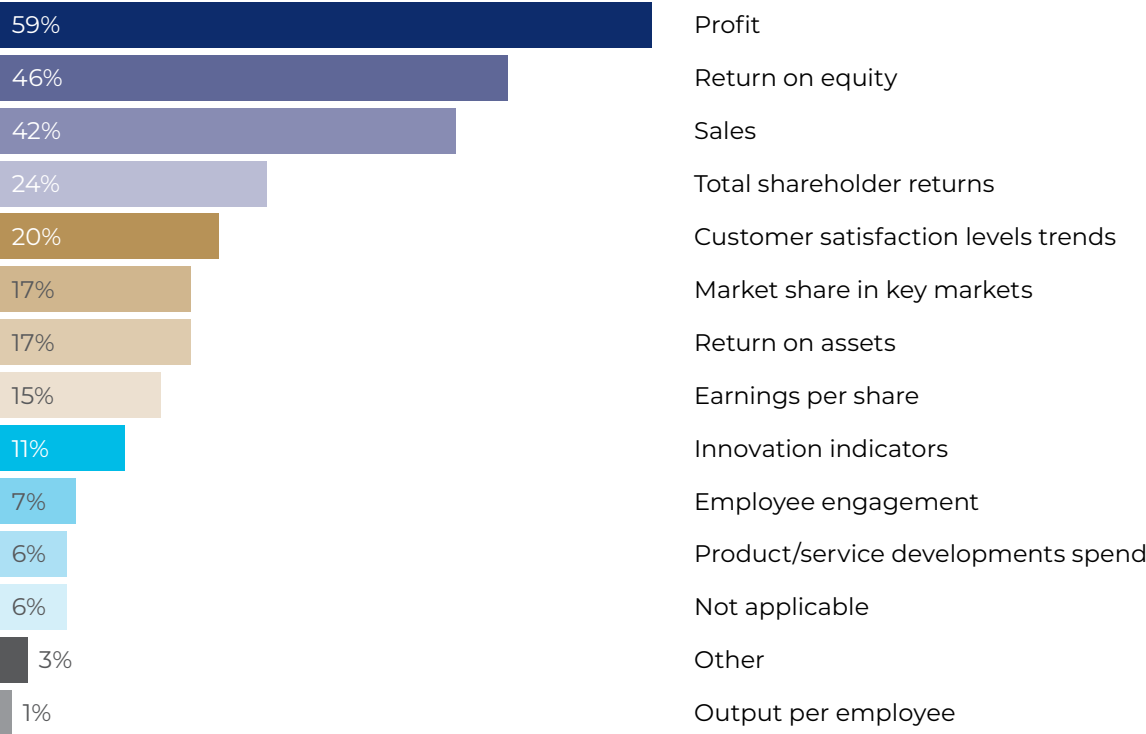


Note: Respondents were asked to select their top three answers.

Board effectiveness remains strong across the region Continued

What are the key indicators the board monitors in terms of overseeing the company’s performance?

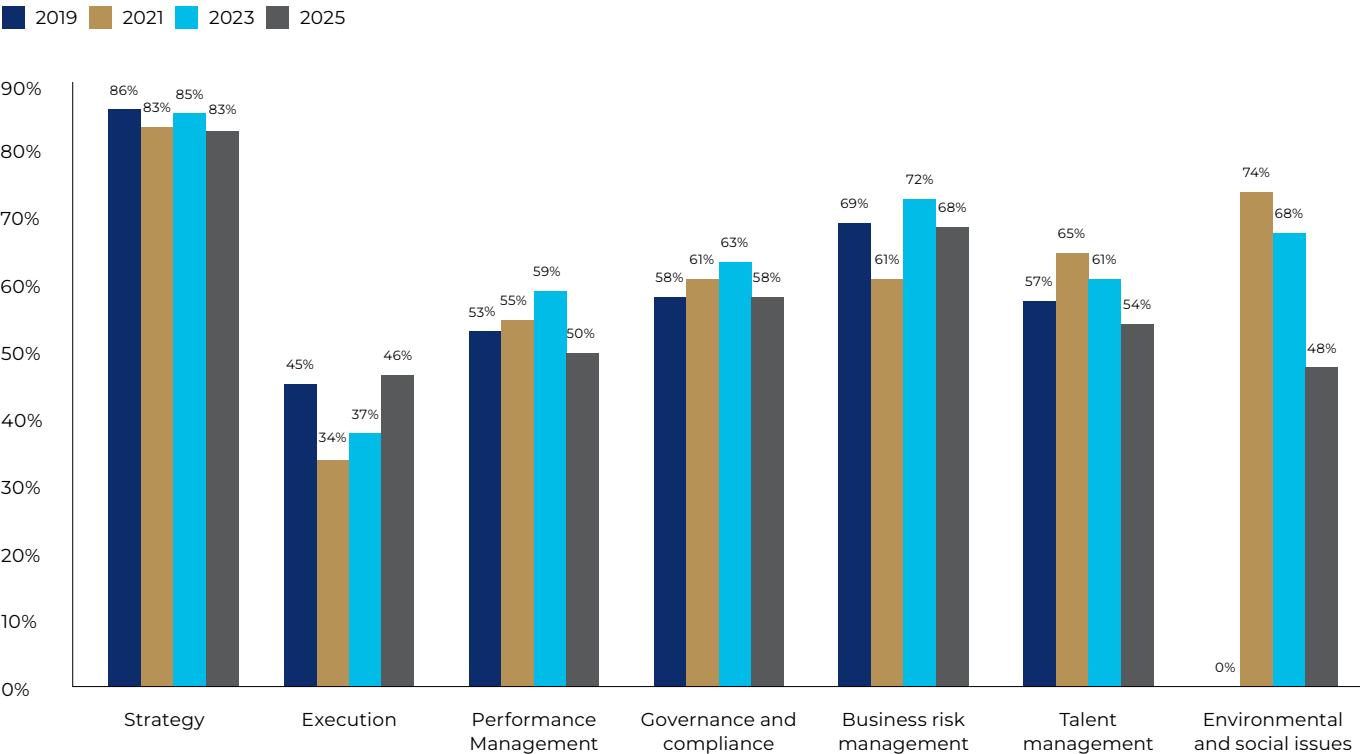
Figure 7



Note: Respondents were asked to select their top three answers.

In the next two to three years, what do you think should be the optimal time allocation on each activity for your main board?

Figure 8



Our findings also reveal perceived gaps in strategic thinking expertise, which may be a contributing factor as to why limited time is being allocated to strategy. In line with previous surveys, respondents would like to see more board time over the next two to three years dedicated to strategy discussions.

Gaps in board expertise

As board effectiveness improves, directors are evolving their views on expertise gaps within their own boards. Nearly half (48%) cited gaps in strategic thinking expertise as one of the top three areas they would like to see improved – a small increase from the 45% who highlighted this in the previous survey.

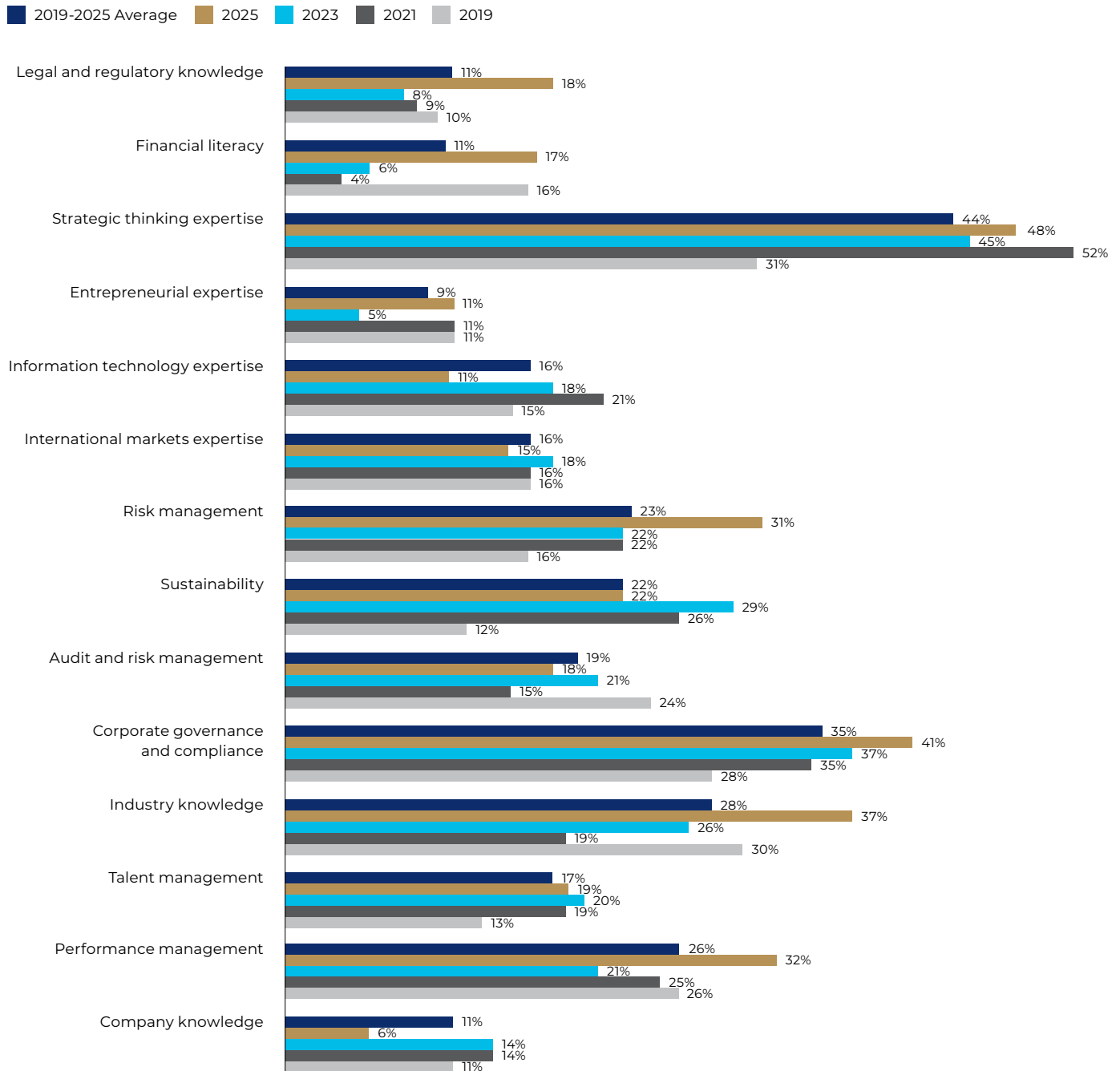
Some of the biggest changes regarding expertise gaps relate to financial literacy, with 17% of respondents highlighting the need for deeper expertise in this domain, versus the 6% who said this in 2023. The call for performance management expertise saw a jump of 11 percentage points – from 21% to 32%. Legal and regulatory knowledge, and risk management saw jumps of 10 and 9 percentage points, respectively, since 2023. This perhaps highlights a growing need for experienced professionals in these areas to assume board positions.

Note: Figures indicate the percentage of respondents who believe time allocation for the specified activity should be increased. The survey question allowed for multiple responses.

Board effectiveness remains strong across the region Continued

Looking at the main board on which you serve, where would you like to see more expertise?

Figure 9



Note: Respondents were asked to select their top three answers.



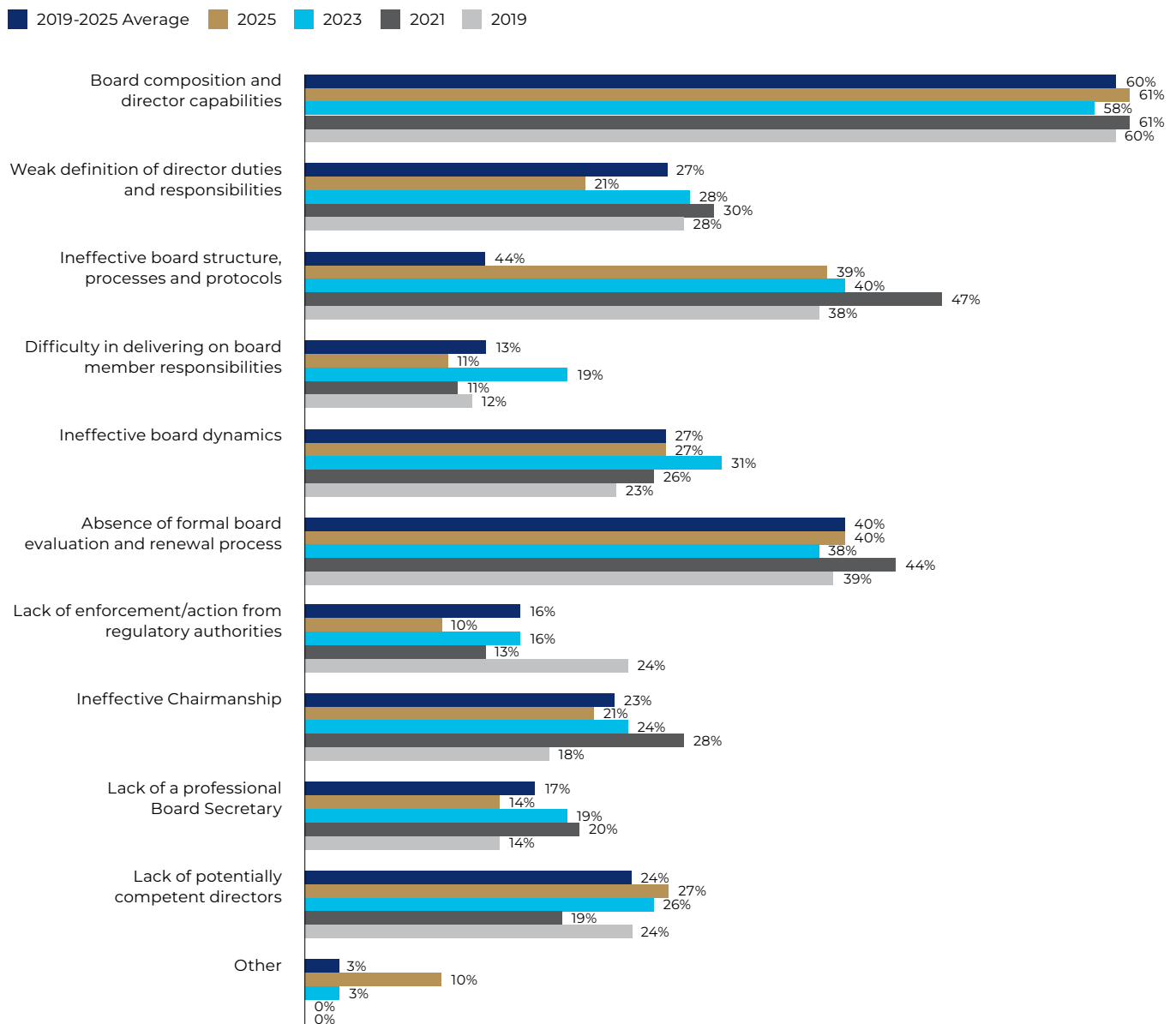
Board effectiveness remains strong across the region Continued

Barriers to optimising board effectiveness

Our survey highlights several persistent challenges to achieving the highest standards of board effectiveness. These are broadly in line with previous years' findings. Board composition and director capabilities (61%), and the absence of formal board evaluation and renewal processes (40%) remain the most common barriers.

What are the top barriers to improving board effectiveness in the GCC?

Figure 10



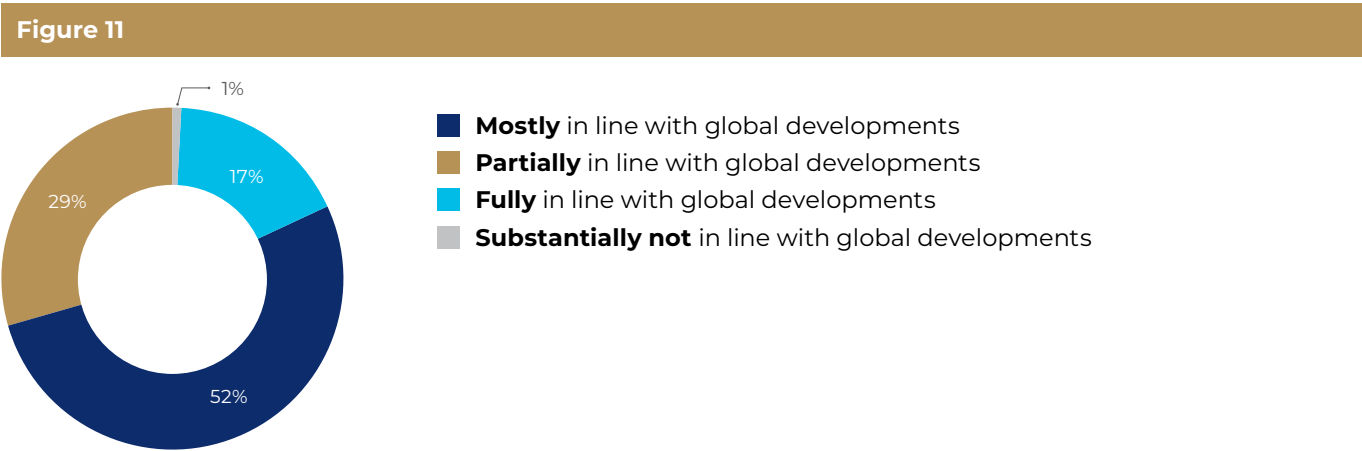
Note: Respondents were asked to select their top three answers.

Ineffective board structure, processes, and protocols appears to be less of a concern, with 30% of respondents listing this as a top three barrier – 10 percentage points fewer than the previous survey.

Rules and regulations on corporate governance

A significant proportion of respondents believe their country’s corporate governance regulations are either mostly in line (52%) or partially in line (29%) with global developments, while 17% feel they are fully aligned. This was supported by interviews, with one board member commenting: “Corporate governance regulations in the GCC have evolved significantly and are mostly aligned with global standards, particularly in areas such as board structure, disclosure and shareholder rights.”

To what extent do you believe that rules and regulations on corporate governance in your country have kept pace with global regulatory change?



Respondents largely conveyed that regulatory frameworks for corporate governance in their respective countries strike the right balance in terms of the demands imposed by regulators (41%). One quarter felt that regulations are sufficient, but oversight could be stronger.

A recurring sentiment across interviews suggests regulatory progress has been substantial, but effective enforcement – especially in family-owned and private firms – remains a challenge. The practical mechanisms to enhance corporate governance highlighted by respondents and interviewees include strong enforcement, board composition rules ensuring diversity and independence, and mandated disclosures for transparency and accountability.

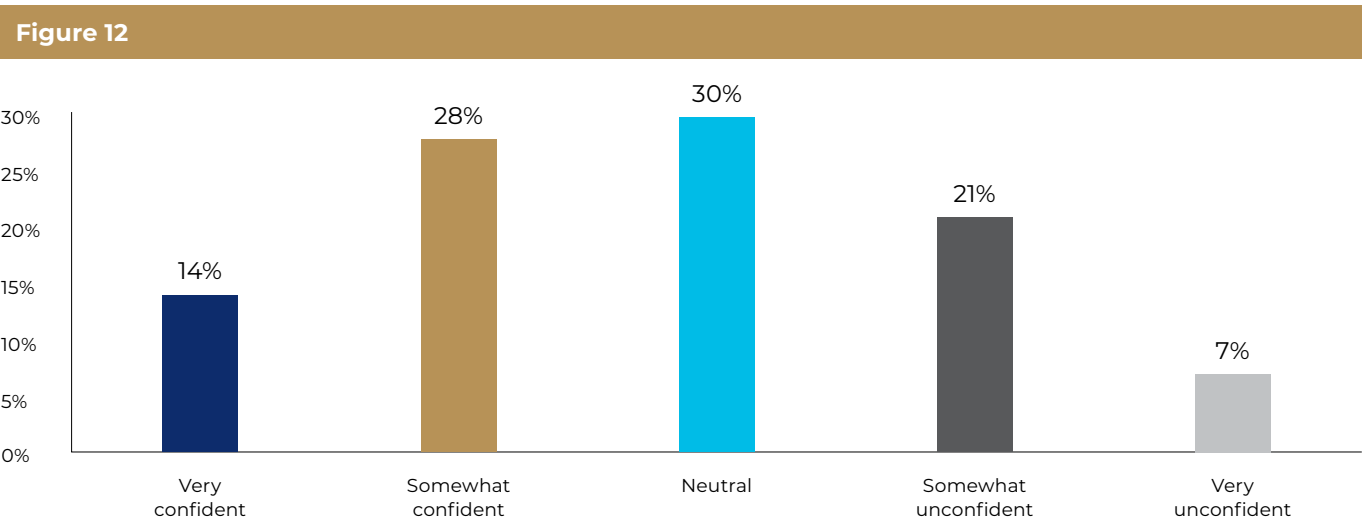
Note: Figures do not sum to 100% because of rounding.

Navigating AI adoption amid uncertainty and skills gaps

The integration of AI into GCC boardroom agendas is beginning to take shape, but the journey is far from uniform. Some organisations are moving quickly, while many others are just starting to grapple with AI's strategic implications.

When it comes to confidence, very few board members (14%) feel truly assured of their understanding of AI's strategic implications for their organisation. This lack in confidence – paired with other low sentiments around AI integration – reflects that most boards are still at the early stages of developing a robust view on the future impacts of AI.

How confident are you that the board has a clear understanding of the strategic implications of AI for the organisation?

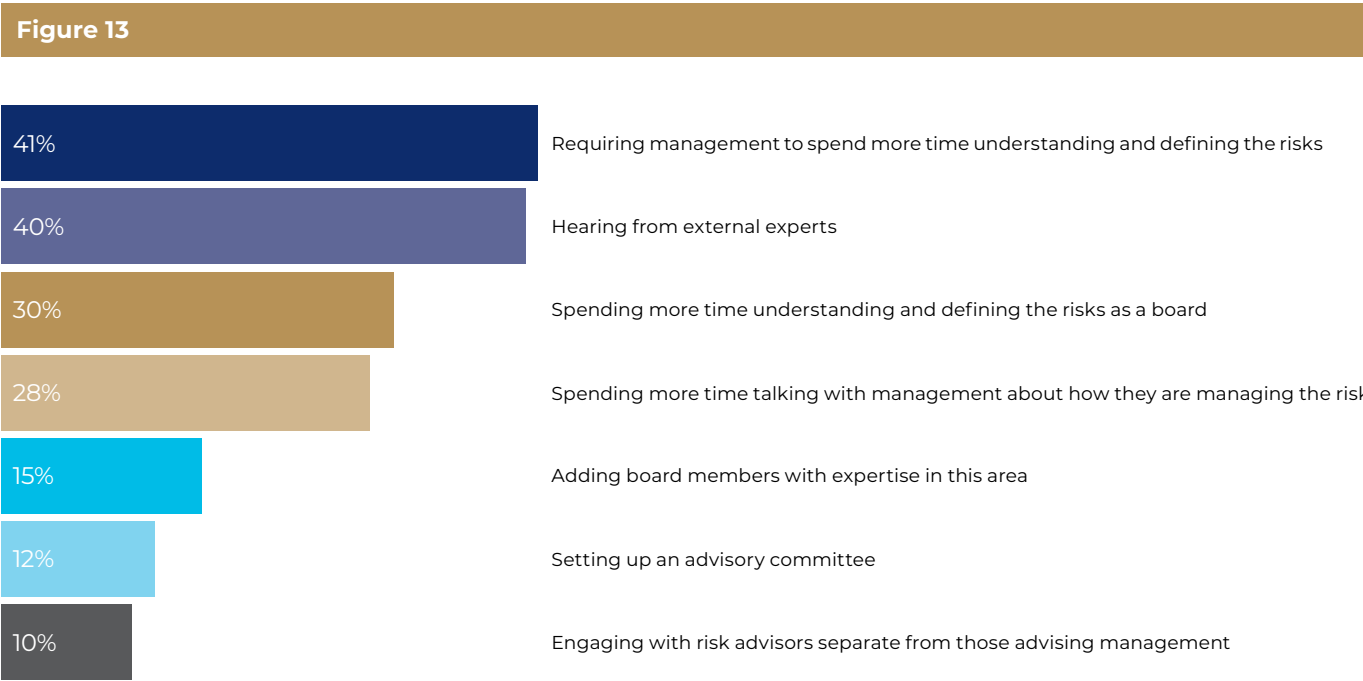


In terms of direct board engagement with generative AI, the data reveals a potential knowledge gap. Only a small fraction (14%) of respondents said they are investing enough time in understanding and addressing generative AI. The majority (64%) admitted they haven't allocated enough attention to the topic or have yet to even consider it a priority.

On the strategic front, only 5% of respondents indicated their organisation has a fully developed and implemented AI adoption plan. Most are either working toward developing a strategy (32%) or are still in the early stages of discussion (38%), reflecting the budding state of AI maturity in the region.

Despite limited understanding, boards are beginning to take steps to prepare for AI implementation challenges, primarily by requiring management to spend more time on AI risk (41%) and by seeking input from outside experts (40%). Some are devoting additional board time to AI (30%), but only 15% have taken decisive steps such as adding board members with AI expertise or setting up specialised advisory committees.

How is your board preparing to manage the risks and challenges of AI implementation?



For a topic that was barely on the radar of many regional boards in the 2023 survey, these insights signal an encouraging growing awareness and appetite to learn. There is also recognition that building deep, board-level expertise in this domain will take time. The willingness to consult external specialists and encourage management education on AI points to a landscape that is evolving, but not yet fully equipped to capture AI's opportunities or manage its risks.



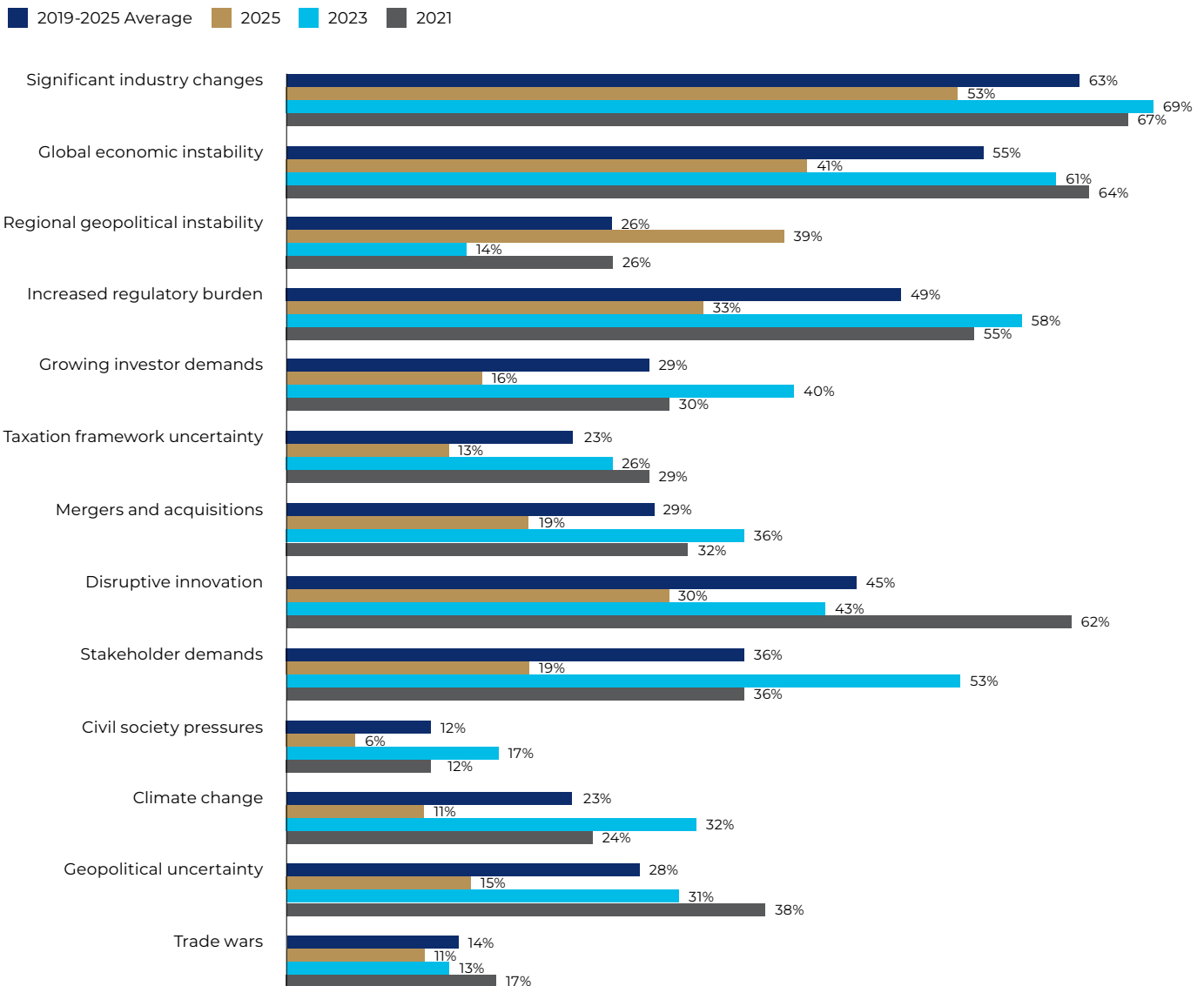
Note: The survey question allowed for multiple responses.

Growing geopolitical pressures demand boardroom attention

Geopolitics is increasingly shaping the agenda and sharpening the vigilance of boardrooms across the GCC. Survey findings reveal that regional geopolitical instability is seen as a major driver of boardroom concern: nearly 40% of respondents listed it among the five most significant issues expected to impact their organisation in the next three years – a sharp increase from the 14% who highlighted this in 2023. Global economic uncertainty appears to be less of a concern, with 41% putting this in their top five issues, versus 61% previously.

Which of the following trends do you foresee as having the most significant impact on your company in the next 3 years?

Figure 14

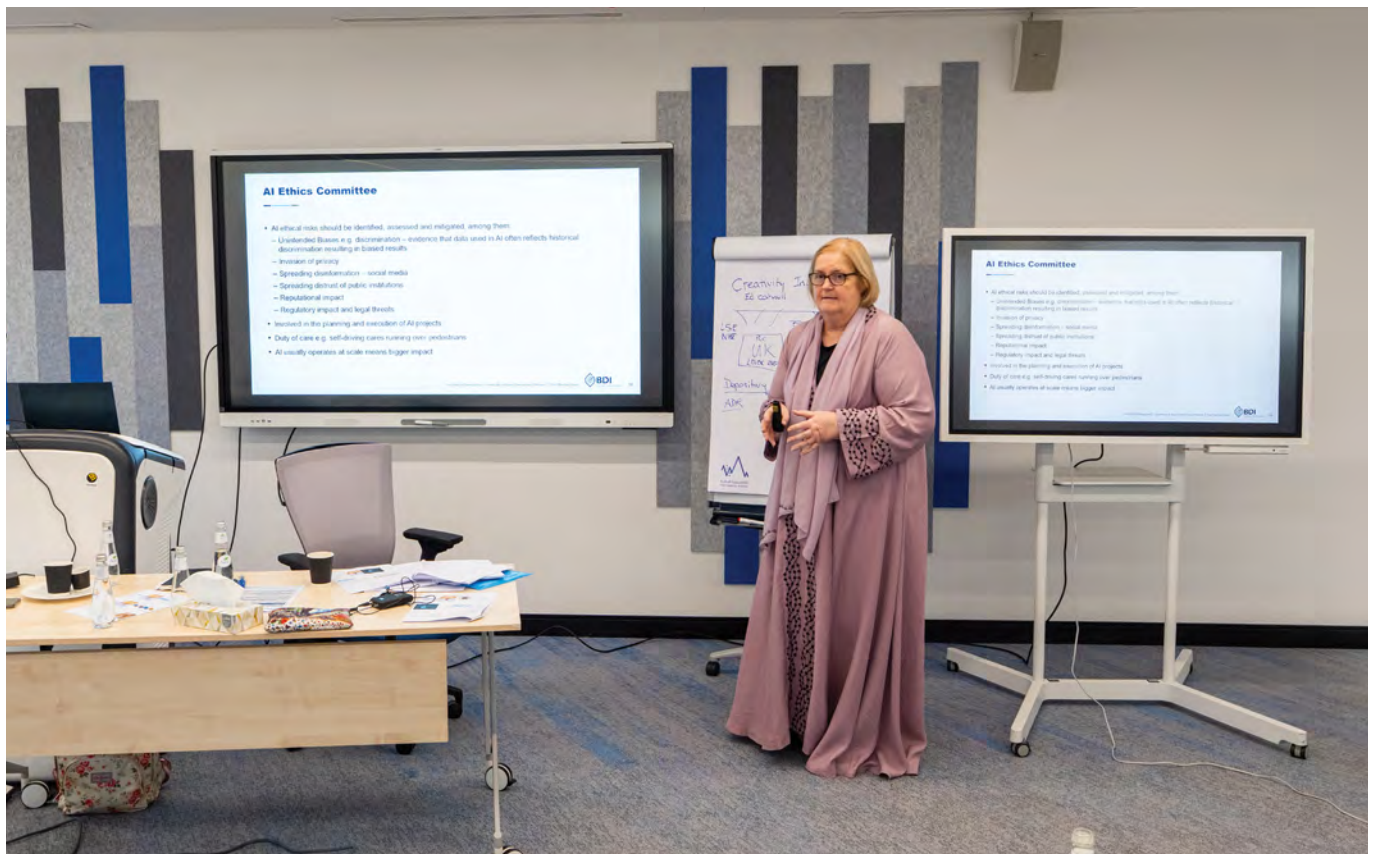


Note: Respondents were asked to select their top three answers.

In practice, however, boards' success in addressing geopolitical risk management remains uneven. While 22% of respondents rated their board's ability to assess and respond to regional geopolitical risks as excellent, and 42% as good, over a third graded themselves average or below. Moreover, only 29% said geopolitical risks are discussed regularly (at least quarterly), and most boards tackle these risks only "occasionally" (once or twice a year), suggesting a tendency toward reactive rather than proactive oversight.

When it comes to structured risk integration, just 15% report having a fully developed and implemented framework for incorporating geopolitical risk into strategic decision-making, with about a third having one under development. Notably, nearly a third of boards have neither a framework nor imminent plans to develop one.

Taken together, these insights show that GCC boards are increasingly alert to the pressures of a turbulent geopolitical landscape, capacity and processes to systematically manage these risks are not necessarily a priority, particularly at companies that are less exposed to the turbulence. However, as global economic and regional uncertainties persist, there is a growing imperative for most boards to formalise their approaches, increase the regularity of discussion, and ensure risk oversight mechanisms are agile and robust enough to respond to evolving geopolitical threats and opportunities.

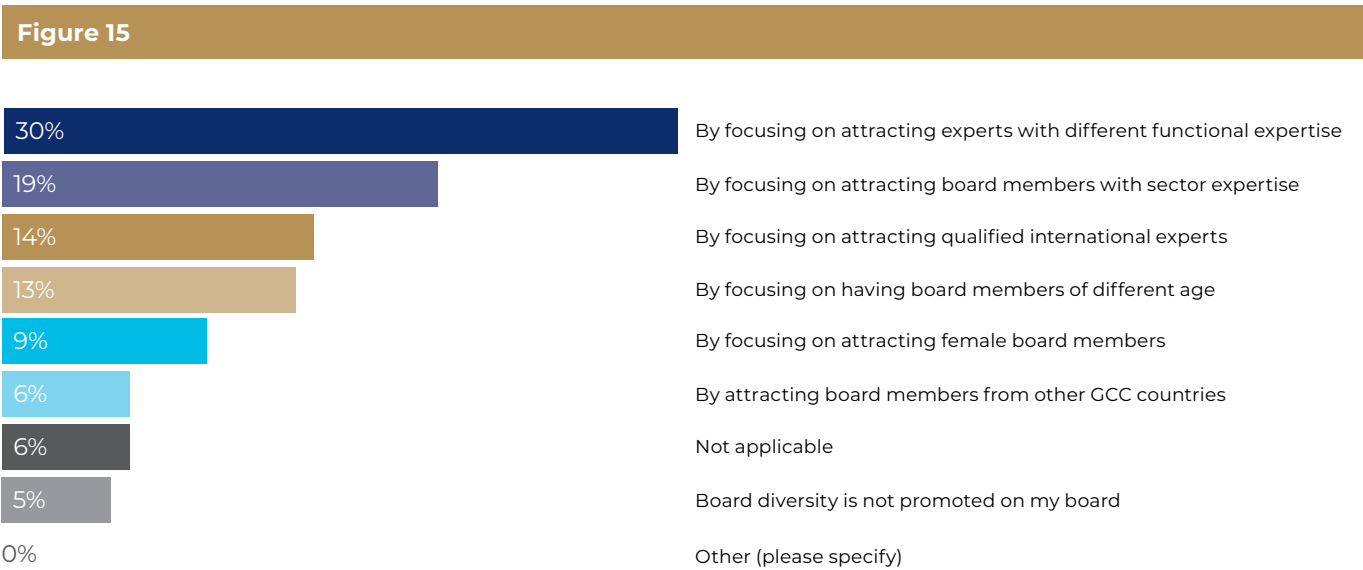


Boardroom diversity remains focused on functional expertise

Board diversity within GCC companies reveals a nuanced landscape shaped by both proactive initiatives and persistent barriers. The most common methods for promoting diversity are focused on attracting directors with a range of professional backgrounds: 30% of respondents highlighted prioritising functional expertise as a key mechanism. Sector expertise and international experience are also actively sought, with 19% and 14% of boards, respectively, targeting these traits when considering new members.

However, strategies aimed specifically at gender diversity were cited by just 9% of respondents, even though 47% of respondents felt their board underperforms on gender diversity.

How is board diversity promoted in your company?



Note: Figures do not sum to 100 because of rounding.

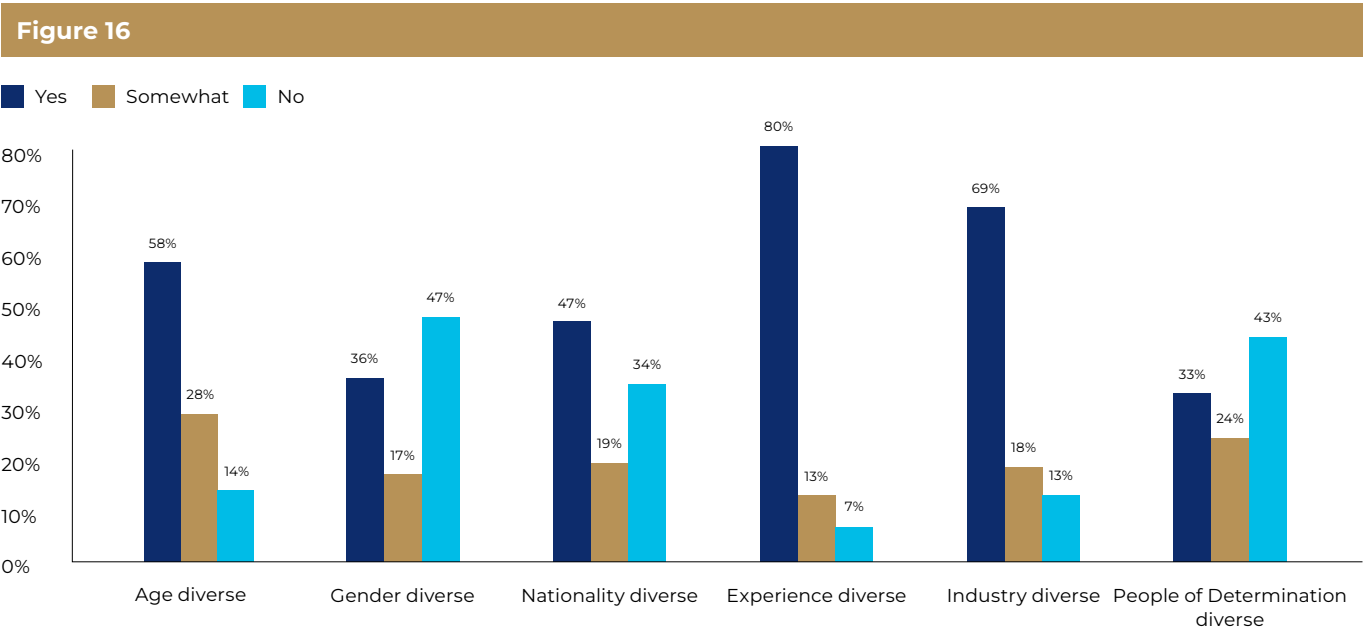
The demographic data on female representation exposes a clear gap. Among board respondents, 40% reported having no women on their boards, while 30% indicated a single female board member, and 12% reported having three or more women.⁵

Several obstacles continue to hinder the advancement of women on boards. The most commonly cited challenge is the perceived lack of qualified female candidates, reported by 35% of respondents. Cultural obstacles remain significant, highlighted by 28%, whereas others pointed to networking barriers (17%).

The question of quotas for women's representation on boards remains a divisive topic. While nearly a quarter (23%) of survey participants supported mandatory quotas for all companies, 17% advocated them for public and state-owned entities specifically. A larger share (30%) prefers voluntary adoption of quotas, and a similar number (27%) believes quotas are not necessary at all.

Qualitative feedback from board members suggests that targeted efforts to promote diversity often revolve around search and selection processes, occasionally with the explicit aim of increasing gender, age, or experiential variety. However, these actions are rarely underpinned by formal policies or measurable targets, according to the survey data. The result is a landscape where intention often outpaces outcomes, reflecting space for further inclusion of underrepresented groups.

Considering the main board on which you sit, please indicate if the board reflects diversity with representation across the following dimensions:



⁵ For more, see Board Monitor Saudi Arabia 2024 <https://www.heidrick.com/-/media/heidrickcom/publications-and-reports/board-monitor-saudi-arabia-2024.pdf>; and Board Monitor UAE 2024 <https://www.heidrick.com/-/media/heidrickcom/publications-and-reports/board-monitor-uae-2024.pdf>

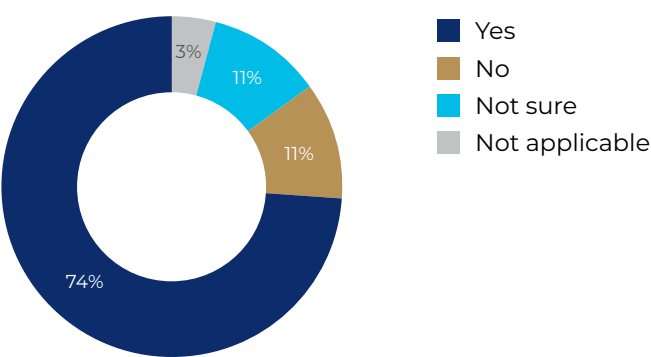


Structured governance practices are commonplace

Reflecting the overall improvement in perceptions of board effectiveness in the region, GCC boards mostly demonstrate having structured processes and protocols in place. A clear majority of respondents (74%) have a formal board charter, reinforcing adherence to governance and operational guidelines.

Do you believe board effectiveness has improved in the GCC in the last three years?

Figure 17

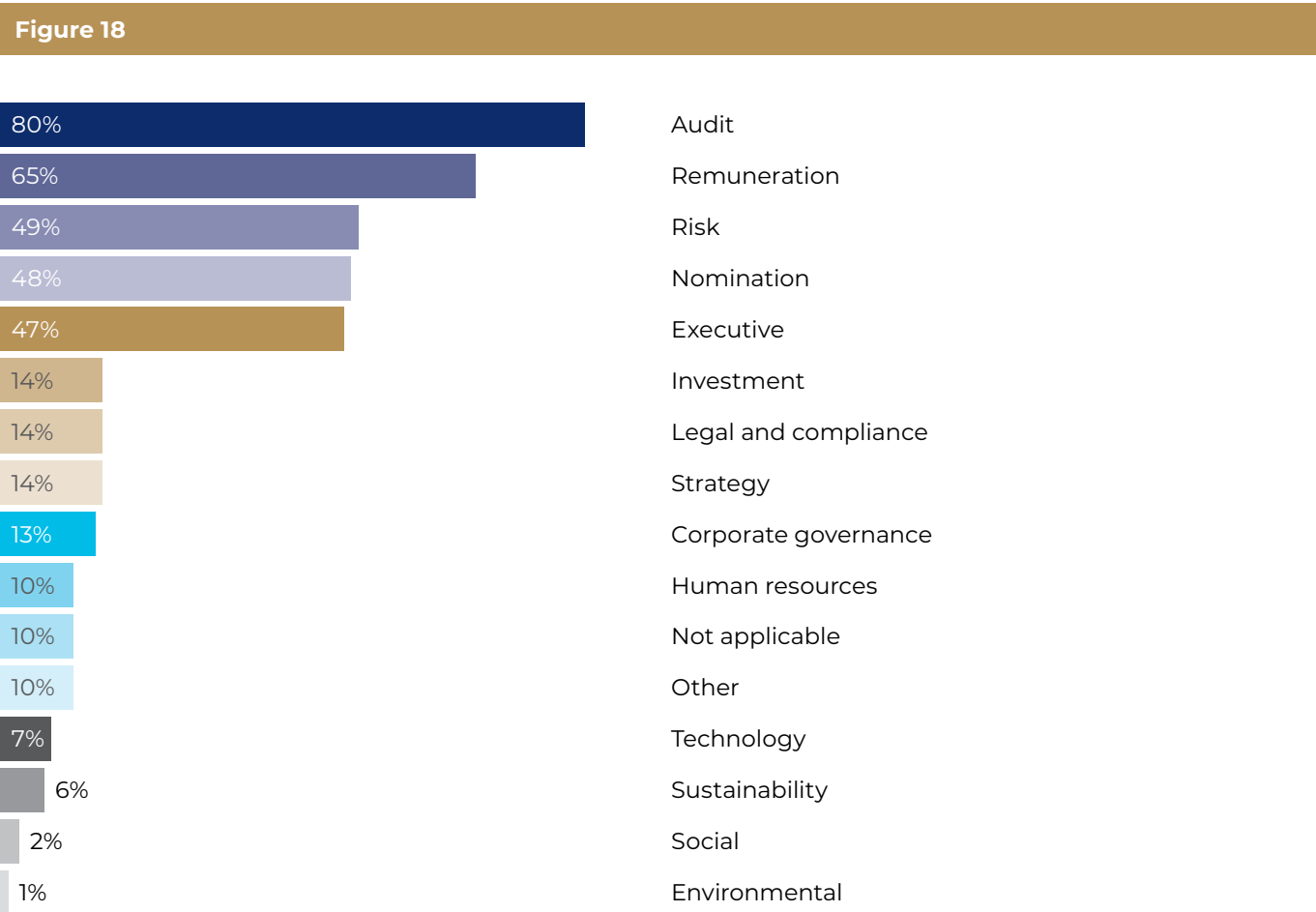


Many boards are supported by dedicated committees covering core aspects such as audit (80%), remuneration (65%), and risk (49%). By contrast, environmental (1%), social (2%), and sustainability (6%) topics are least represented by dedicated board committees.



Structured governance practices are commonplace Continued

Which of the following board committees does your board have?

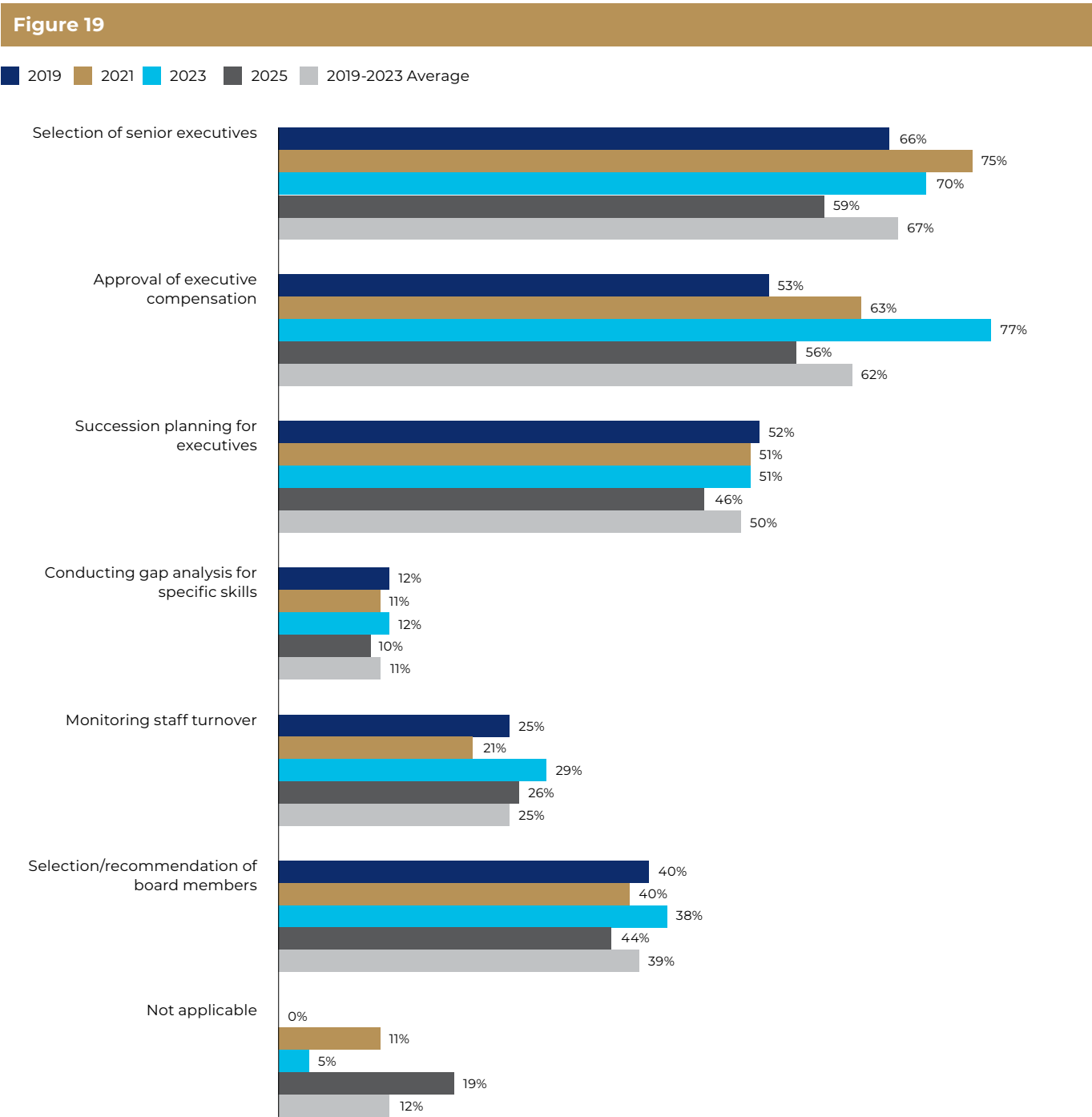


In terms of frequency, most boards tend to meet four or five times per year (69%). Some 43% strongly agree that meetings follow a clear agenda and structure.

Board delivery – defined as the board’s ability to contribute meaningfully to strategy, governance, and performance oversight – shows both improving depth and areas for growth. Boards are extensively involved in performance management, talent management, and risk oversight, with 59% selecting senior executive appointments as a key board activity and 78% agreeing or strongly agreeing their board is actively involved in setting their company’s risk appetite.

Note: The exact names of committees do not matter. One committee can be responsible for several functions, i.e., Nomination and Remuneration Committee. The survey question allowed for multiple answers.

My board is actively involved in the following areas of talent management in the organisation:

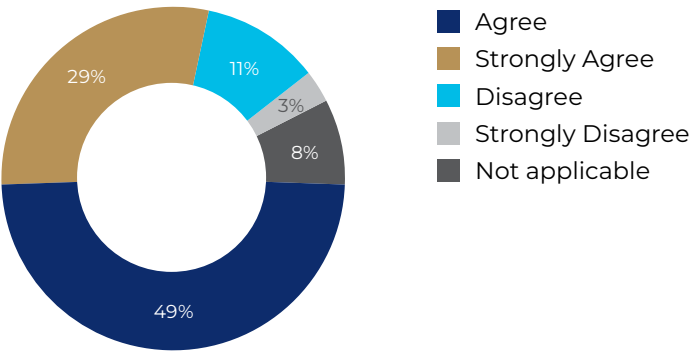


Note: The survey question allowed for multiple responses.

Structured governance practices are commonplace Continued

The board is effectively involved in setting the risk appetite of the company:

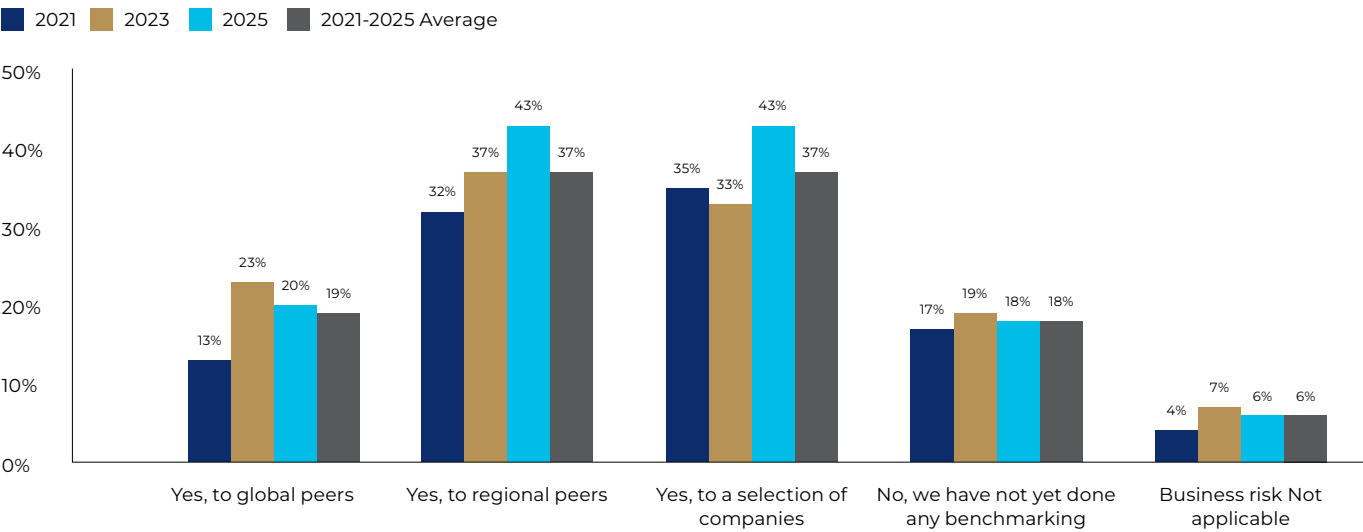
Figure 20



Benchmarking company performance is common, particularly against regional peers and selected companies (43% each), underscoring a push toward adopting best practices.

Does the board benchmark the performance of the company?

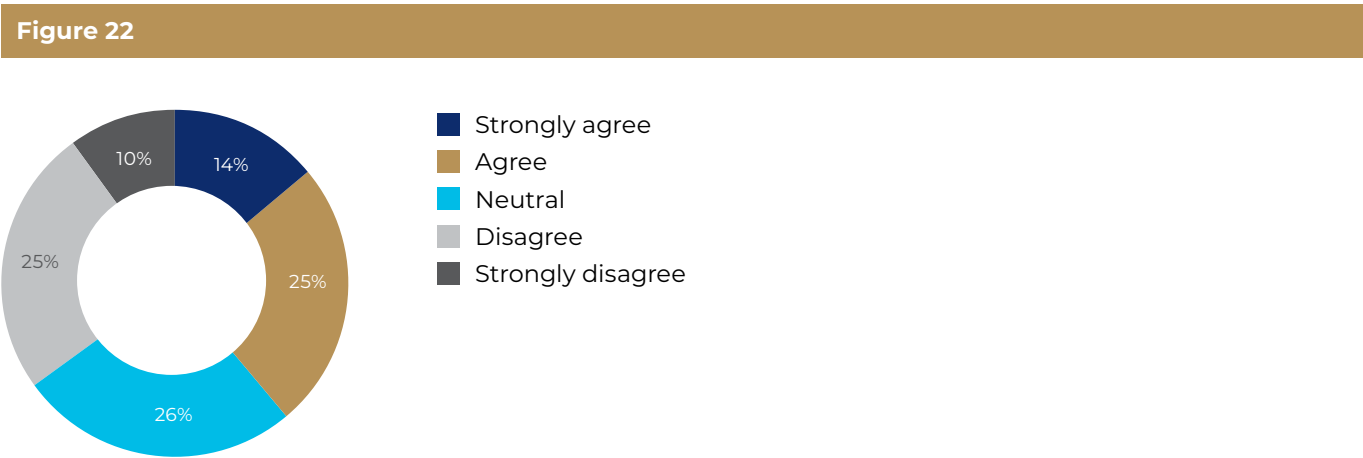
Figure 21



The picture on succession planning is more mixed. Some 39% of respondents reported having a comprehensive succession plan for executive and other critical organisational roles, suggesting that, much like global trends, this remains an emerging discipline in the region.

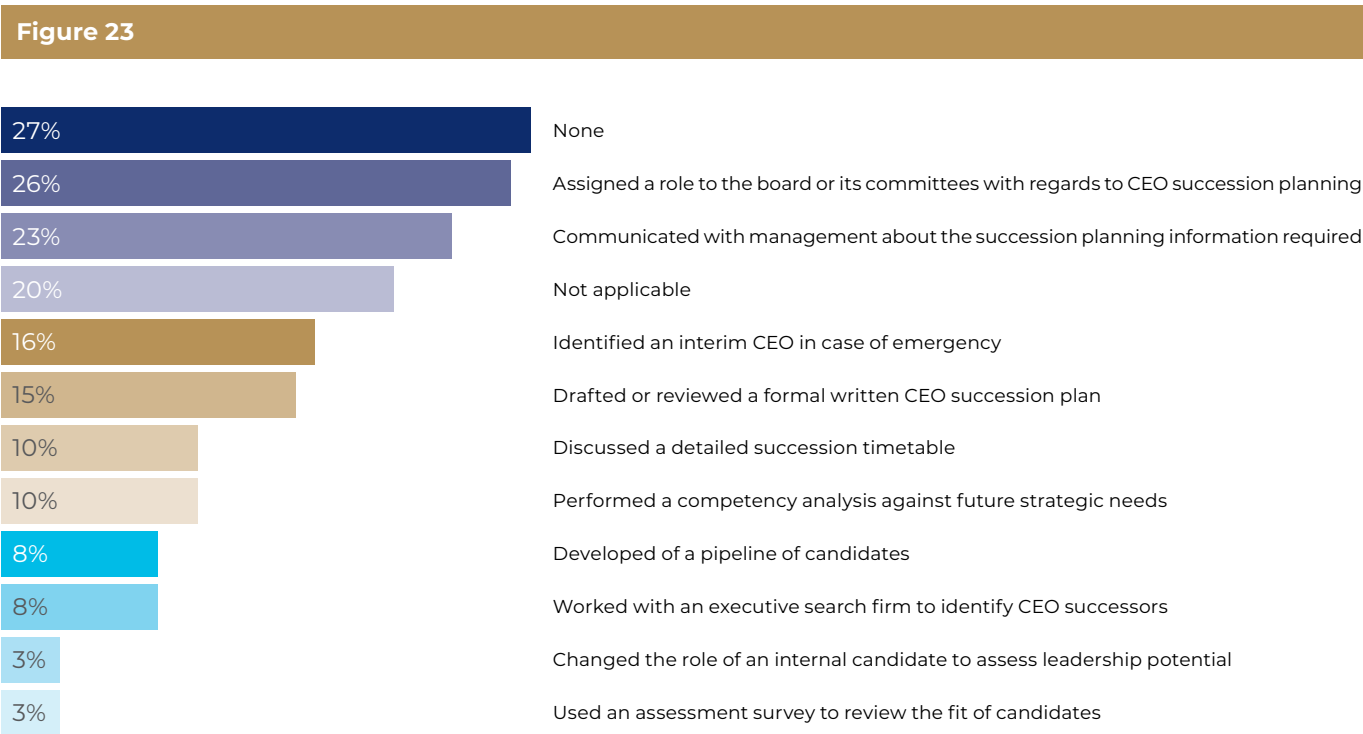
Note: The survey question allowed for multiple responses.

The board has a documented process of succession plans for all critical positions:



When it comes to CEO succession planning specifically, just over a quarter (26%) said they had formalised this responsibility for the board or one of its committees in the past 12 months, while a similar number (27%) admitted they hadn't taken any formal action on CEO succession planning during the last year.

Which of the following practices related to CEO succession has your board performed over the past 12 months?



Note: The survey question allowed for multiple responses.

Regulators and
Standard Setters

Govt

Companies
Risk & O
(eg, supp
GHG, labour

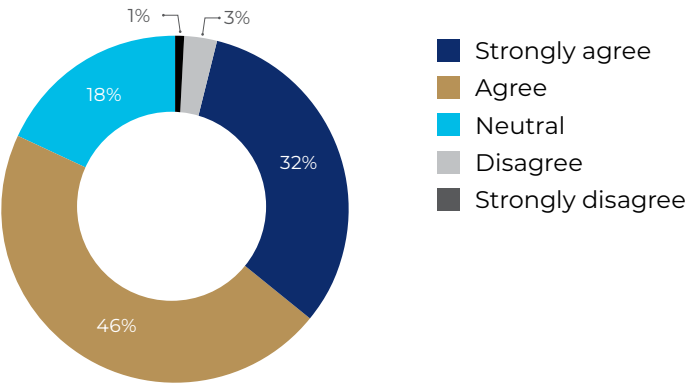


ESG is seen as important, but most organisations lack a strategy

Sustainability and ESG matters appear to be gaining ground in boardrooms across the GCC. While some boards are still at the early stages of formulating a sustainability strategy, most respondents (78%) acknowledge that actively working toward sustainability will help their boards create long-term value.

Do you agree that actively working toward sustainability will help your board create long-term value?

Figure 24



Nevertheless, 38% report that their organisation lacks a defined sustainability and ESG strategy, a possible indicator that there remains room for greater integration and focus.

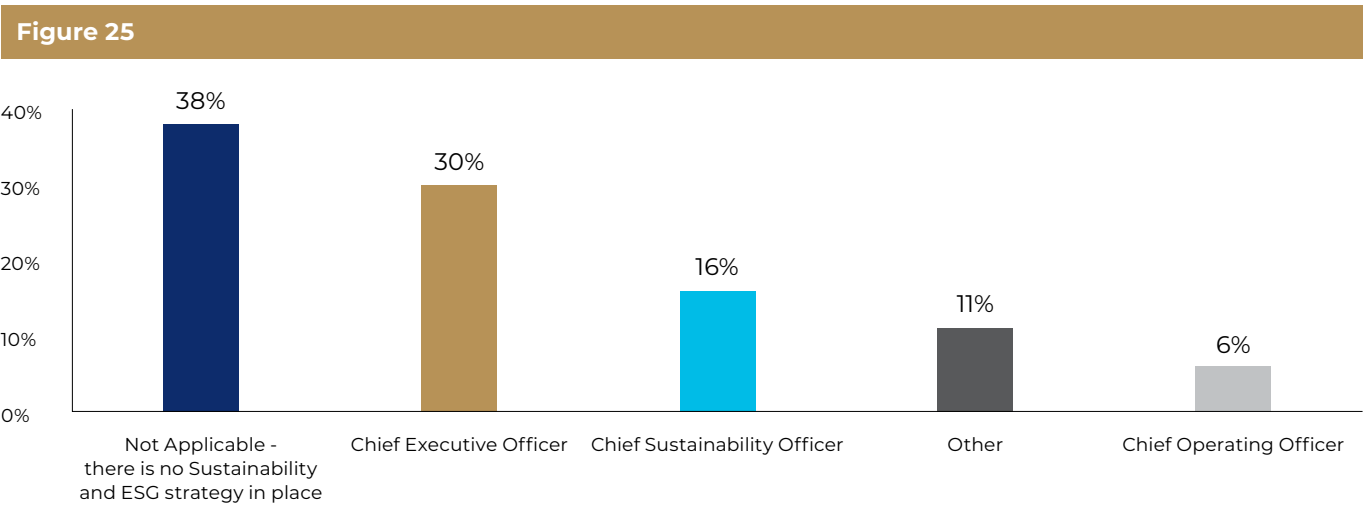
Among companies that do have a strategy, the most common approach is to assign this mandate to the chief executive officer (30%), although some companies have established a chief sustainability officer (16%), while a smaller share (11%) report that responsibility lies with other roles such as independent board members, ESG committees or consultants.



ESG is seen as important, but most organisations lack a strategy

Continued

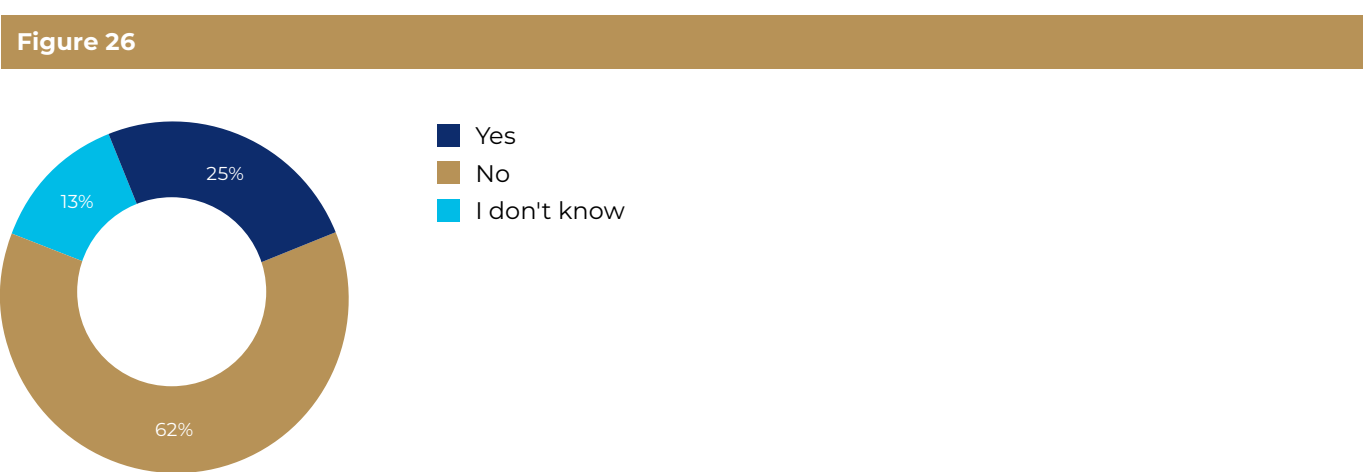
Who has the board appointed to lead the Sustainability and ESG strategy for the company?



Note: Figures do not sum to 100% because of rounding.

A quarter of respondents said they benchmark their company's performance on sustainability and ESG-related KPIs, however, 62% do not, suggesting systematic measurement and comparison on these metrics is not yet commonplace.

Does the board benchmark the company's performance on Sustainability and ESG related KPIs?

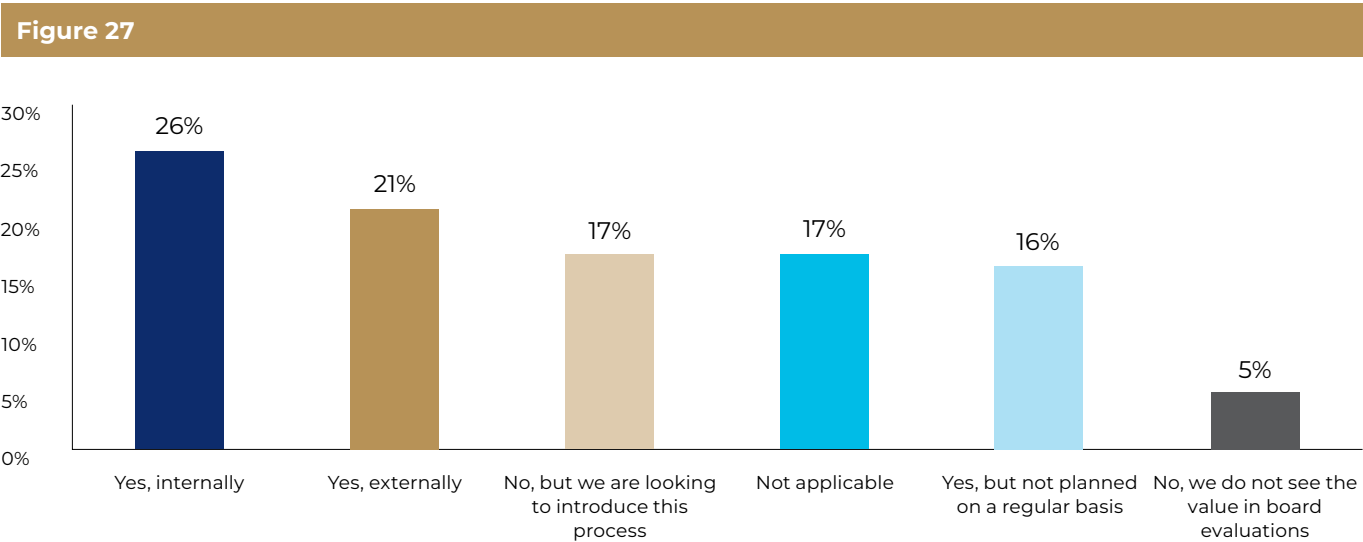


This uneven picture points to the ongoing journey of GCC boards in embedding sustainability and ESG into their core governance practices. Adoption of best practices is gaining momentum, but the gaps in strategy formulation, reporting and performance benchmarking indicate many boards remain in the earlier stages of incorporating ESG. As investor and regulatory pressures intensify, and forward-looking boards continue to recognise the strategic value of ESG integration, these gaps are likely to narrow in the coming years.

Board evaluation is commonplace, though not necessarily routine

Board performance and evaluation practices continue to evolve within the GCC. When asked about evaluating board effectiveness, 26% of respondents reported conducting internal board evaluations, while 21% use external parties. Notably, 5% indicated they do not see the value of board evaluations, while 17% said they are looking to introduce such processes.

Do you evaluate the board’s performance and effectiveness?



Among boards that do run external board evaluations, the process tends to lack routine: 67% of respondents said they were not sure of the evaluation frequency or that there is no set schedule– a sizeable increase on the 48% who said this in 2023.

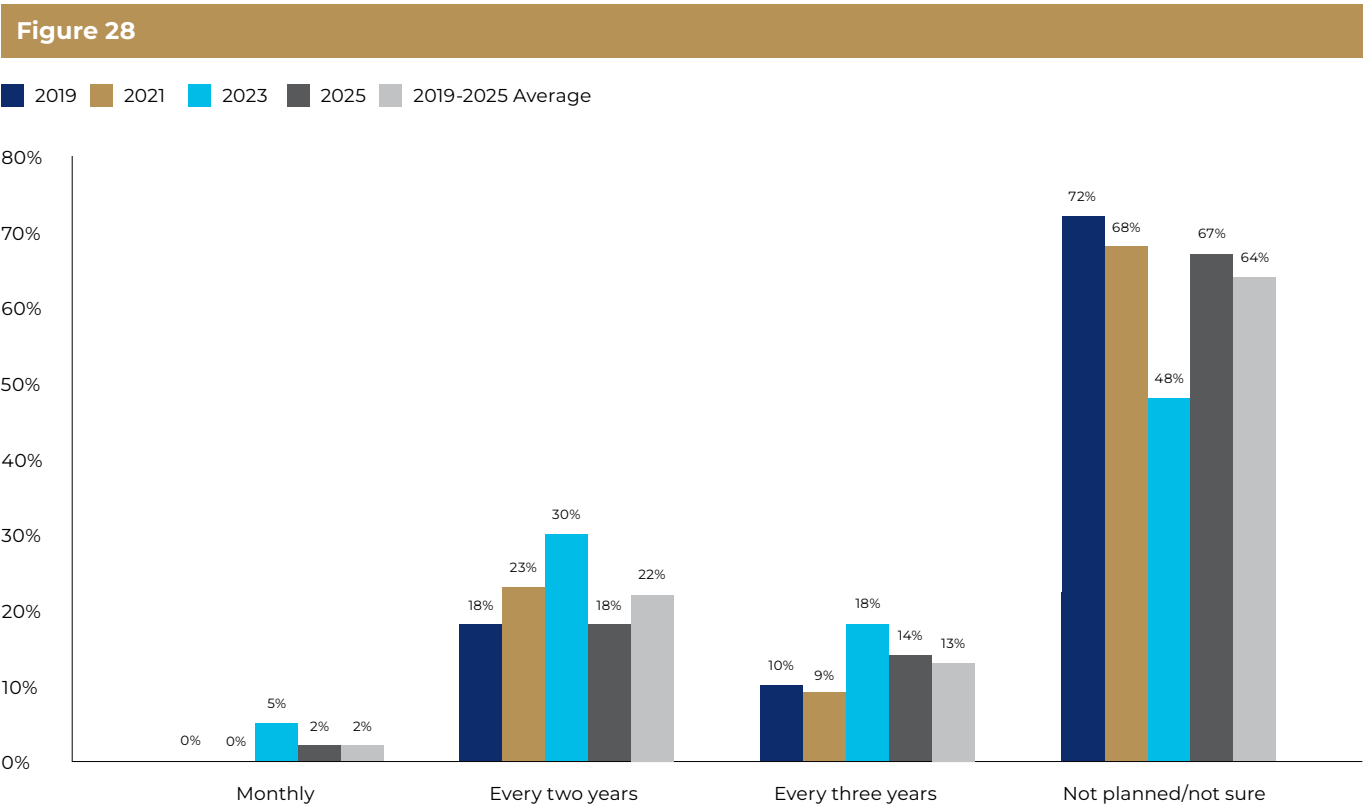


Note: Figures do not sum to 100% because of rounding.

Board evaluation is commonplace, though not necessarily routine

Continued

If you answered "Yes, externally", what is the frequency?

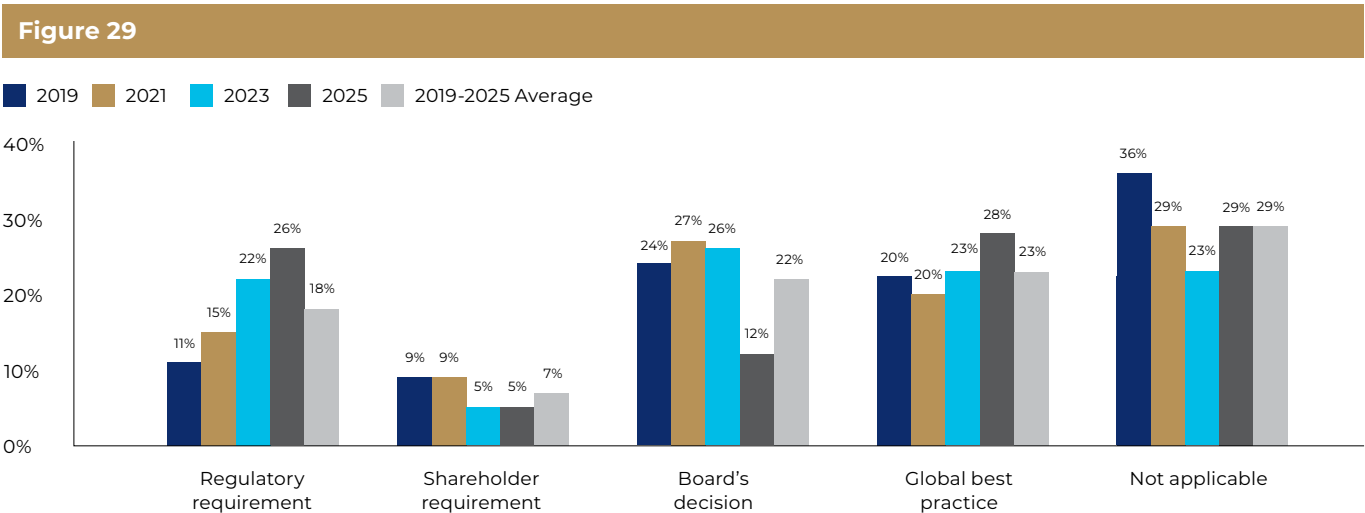


The most common drivers of formal evaluation are alignment with global best practice (28%) and regulatory requirements (26%). Other motivations, such as shareholder requirements, play a smaller role. This points to the growing influence of international standards and regulatory frameworks in shaping boardroom effectiveness across the region.



Note: Figures do not sum to 100% because of rounding.

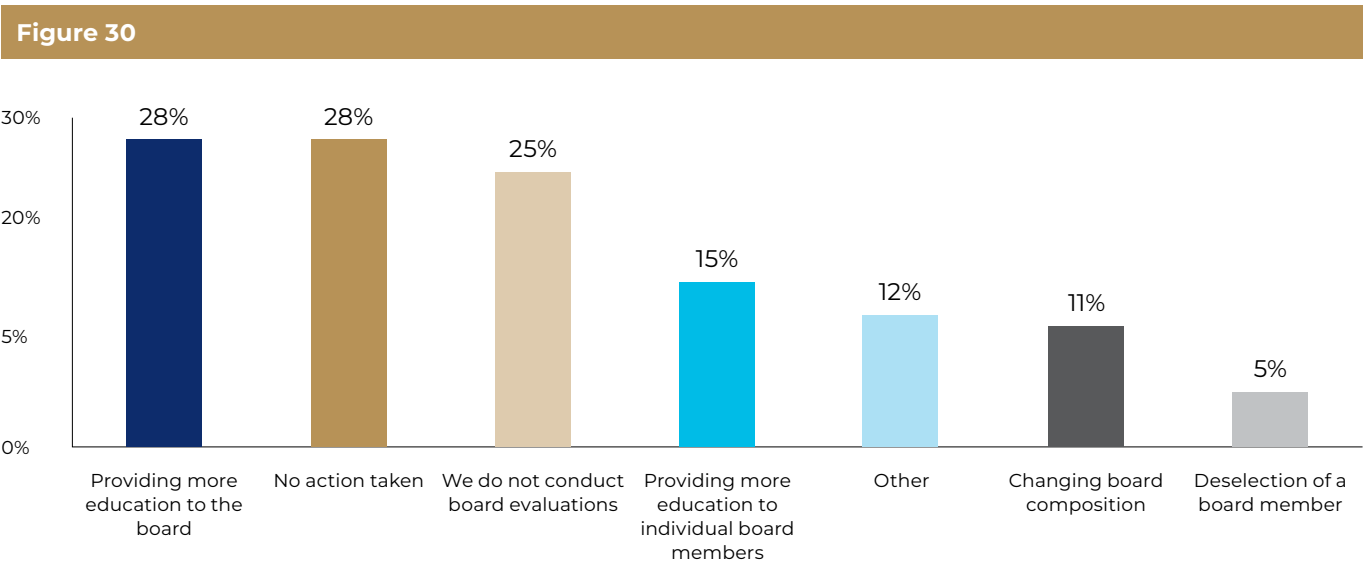
Why has your board decided to have a board evaluation?



Note: Figures do not sum to 100% because of rounding.

The picture regarding follow-up actions after board evaluations is also mixed. Some 28% provide more education to board members while the same number take no action at all. Less frequently, boards provide more targeted education to individuals (15%), implement changes in board composition (11%), or deselect board members (5%).

What follow-up actions were taken, if any, as a result of the board evaluation conducted?



Note: The survey question allowed for multiple responses.

Conclusion

While 78% of respondents report strengthened board performance over the last two years, GCC boards now stand at a pivotal transition point, moving steadily from baseline compliance toward a model of resilient, purpose-driven governance. At the same time, they are grappling with a changing landscape marked by the rapid advancement of AI and an evolving geopolitical landscape.

Strong regulatory advances and increased alignment with global best practices show positive momentum for GCC boards, but there is still room for progress in diversity, formal evaluation, director and board secretary development, and succession planning. Boards can also look to deepen their expertise and development in strategic thinking, financial acumen, performance management, legal and regulatory knowledge, and AI capabilities. Looking at board composition, gender and age diversity remain relatively limited. Board diversity initiatives tend to focus on expanding functional and international expertise, with limited focus on these important domains.

Ultimately, the boards that will lead the way are those that foster agility, trust, accountability, and the right mix of people and skills. Through structural reforms, continued investment in director development and board secretary education, and a commitment to diverse boards with an inclusive, dynamic approach to governance, GCC boards can chart a path from emergent governance to global leadership.





Join the large network
of directors in the GCC!





